



## 2nd Quarter 2017 Earnings Call

July 25, 2017

# Forward Looking Statements

*This press release 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,” “forecast,” and similar expressions, and reflect our expectations concerning the future. 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 which cannot be recovered in product pricing; domestic and foreign governmental and public policy changes including environmental and industry regulations; threats associated with and efforts to combat terrorism; protection and validity of patent and other intellectual property rights; the successful integration and identification of our strategic acquisitions; the cyclical nature of our businesses; and the outcome of pending and future litigation and governmental proceedings. 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 interest rate and currency exchange rate fluctuations. Further, any conflict in the international arena may adversely affect general market conditions and our future performance. We refer you to the documents we file from time to time with the Securities and Exchange Commission, such as our reports on Form 10-K, Form 10-Q and Form 8-K, for a discussion of these and other risks and uncertainties that could cause our actual results to differ materially from our current expectations and from the forward-looking statements contained in this press release. We undertake no obligation to update any forward-looking statement.*

## Use of Non-GAAP Financial Measures

*All financial and percentage comparisons in this presentation are made to the same quarter of the previous year, unless otherwise stated. Also, certain ratios related to our Revolving Credit Facility of Earnings before Interest, Income Taxes, Depreciation and Amortization (“EBITDA”), Free Cash Flow, Net Debt, Net Debt to EBITDA ratio, and Net Debt to Capital Ratio are not measures of financial performance under US GAAP. Our Revolving Credit Agreement allows us to exclude non-cash impairment charges in the computation of EBITDA.*

*See appendix for the reconciliation of these measures to the most directly comparable GAAP measures. Throughout the presentation each non-GAAP measure is denoted with an \*.*

# 2017 Q2 Highlights

- Record quarterly sales \$1.1B, +7.5%
  - CCM sales growth in excess of favorable non-residential market growth rates
  - CFT and CBF experienced strong top-line growth vs prior year
  - Acquisition growth of 4.2%
  - Offset by -0.7% FX
  - CIT performance closely resembled Q1 2017
- Income from Continuing Operations down 11.3% to \$102.3M
  - Facility rationalization and plant restructuring projects after tax of \$5.6M
  - Unfavorable price/raw material dynamics at CCM

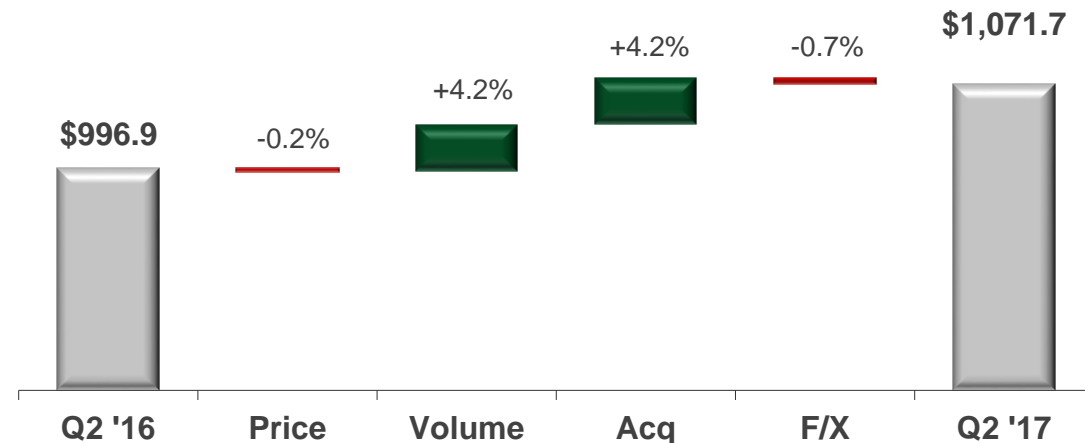
## Financial Summary

(\$ millions, except per share amounts)	Q2 '17	Q2 '16	Δ
Net Sales	\$1,071.7	\$996.9	+7.5%
Income from Continuing Operations, net of Tax	\$102.3	\$115.2	-11.3%
Diluted EPS	\$1.58	\$1.75	-9.7%
EBIT	\$158.8	\$178.9	-11.2%
EBIT Margin %	14.8%	17.9%	-310 bps
Free Cash Flow	\$67.1	\$43.7	+53.5%

***Surpassed \$1B quarterly revenue mark for first time***

***\$150M of share repurchases in Q2***

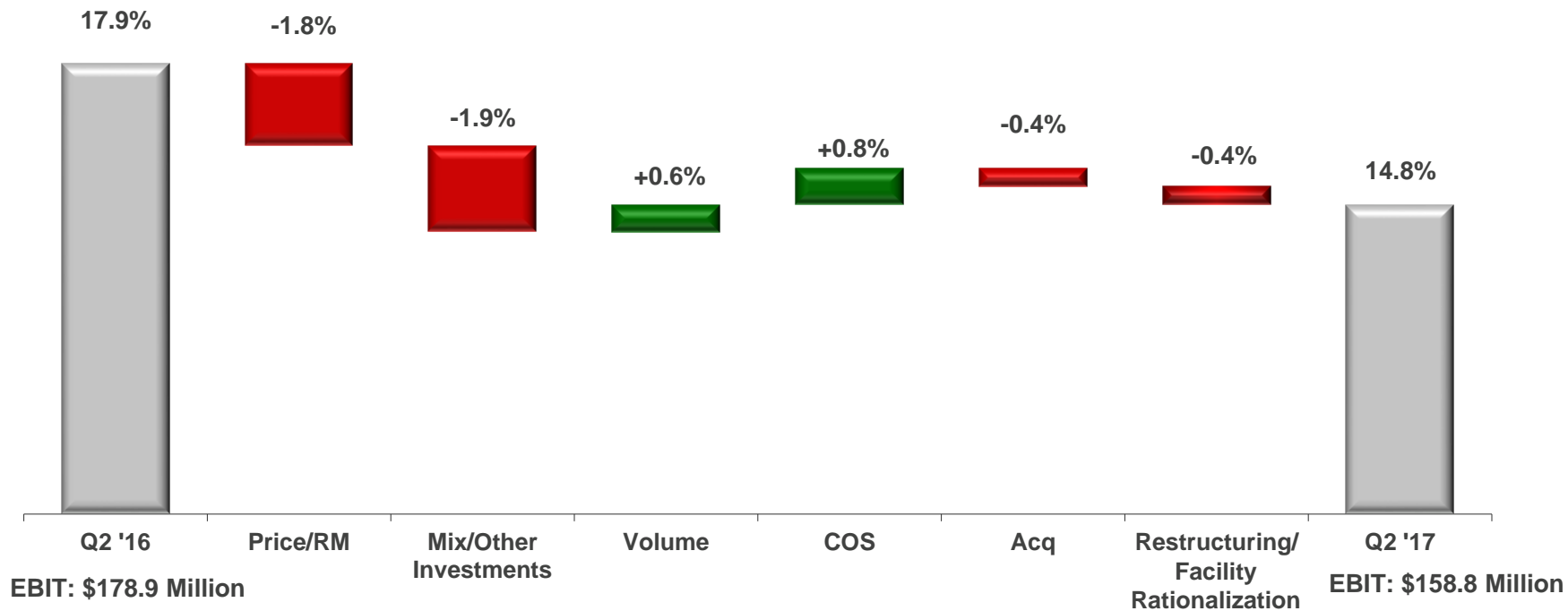
# 2017 Q2 Sales Bridge



in \$ Millions

Organic by Segment	
Construction Materials	+8%
Interconnect Technologies	-11%
FoodService Products	+3%
Fluid Technologies	+8%
Brake & Friction	+11%

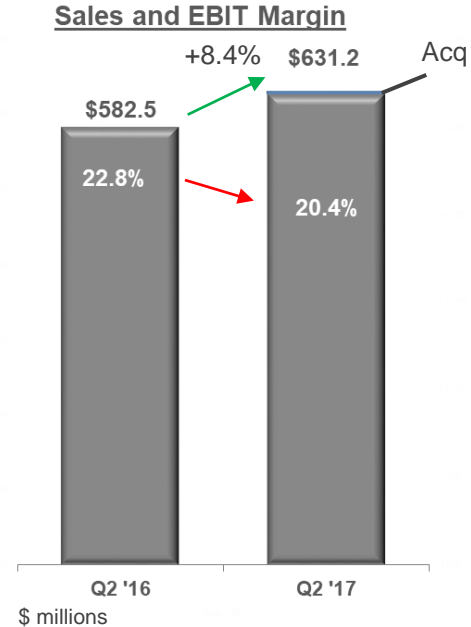
# 2017 Q2 EBIT Margin



# Carlisle Construction Materials



- Net Sales increased 8.4%
  - US Commercial Roofing up 7.2%
  - Acquisitions added 0.7%
  - Offset by lower selling price of -0.7%
- EBIT down 3.1% from \$133.1M to \$129.0M
  - Margin down 240 bps to 20.4%
  - 3 of last 5 quarters above 20% EBIT
  - Higher sales volume
  - Unfavorable price/raw material, -\$17.2M
- Announced acquisition of Drexel Metals Inc.

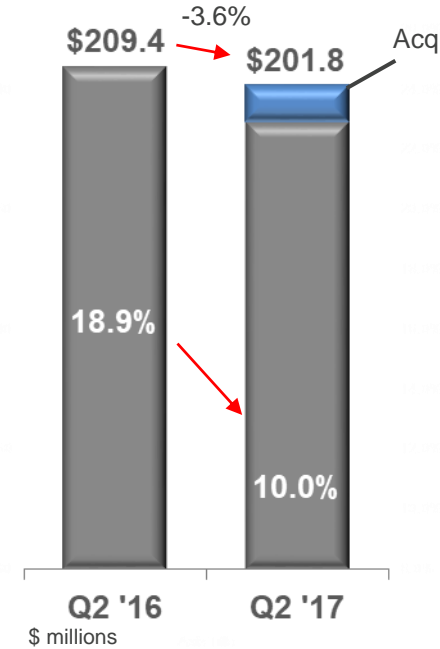


# Carlisle Interconnect Technologies



- Net Sales declined 3.6%
  - Organic net sales declined 10.7%
  - Micro-Coax and Star Aviation acquisitions added 7.3%
- EBIT down 49.2% from \$39.6M to \$20.1M
  - Lower sales volume and unfavorable mix
  - Pre-tax facility rationalization and restructuring costs of \$5.6M
  - Margin decline partially offset by COS

## Sales and EBIT Margin

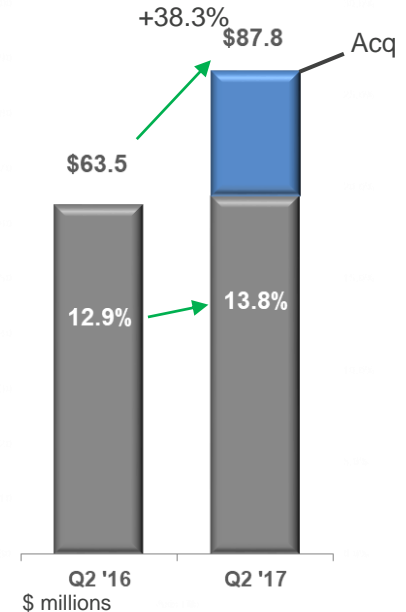


# Carlisle FoodService Products



- Net Sales up 38.3%
  - Organic net sales increased 2.6%
  - San Jamar added 35.7%
- EBIT up 47.6% from \$8.2M to \$12.1M
  - San Jamar contribution, favorable mix, higher selling prices, COS savings
- Integration of San Jamar on track

Sales and EBIT Margin



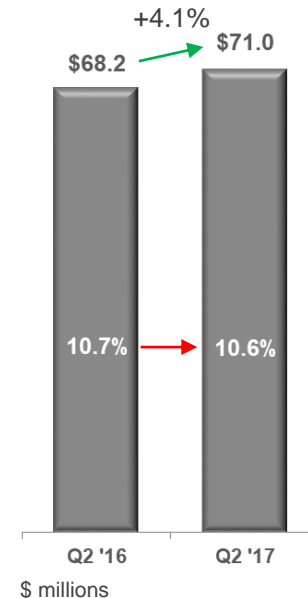


# Carlisle Fluid Technologies



- Net Sales up 4.1%
  - Sales up 17.4% sequentially from Q1 2017
  - Organic net sales increased 7.9%
  - Offset by -3.8% FX
- EBIT up 2.7% from \$7.3M to \$7.5M
  - Higher sales volume, COS savings
  - Continued investments and realignment to support global growth strategy

## Sales and EBIT Margin

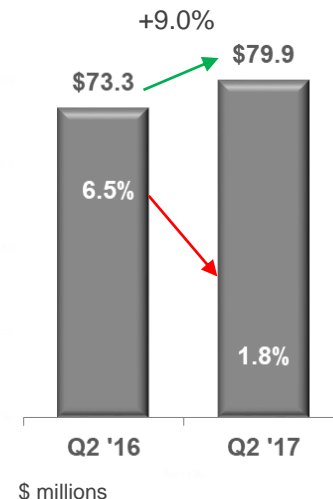


# Carlisle Brake & Friction



- Net Sales up 9.0%
  - Construction up 14.1%
  - Mining up 44.1%
  - Agriculture up 20.1%
  - Aircraft down 58.4%
  - Offset by -1.5% FX
- EBIT down 70.8% from \$4.8M to \$1.4M
  - EBIT decline on unfavorable mix, higher raw material and restructuring costs
- Closure of Tulsa, Oklahoma plant on track
- Seem to have reached the bottom of our cycle

Sales and EBIT Margin

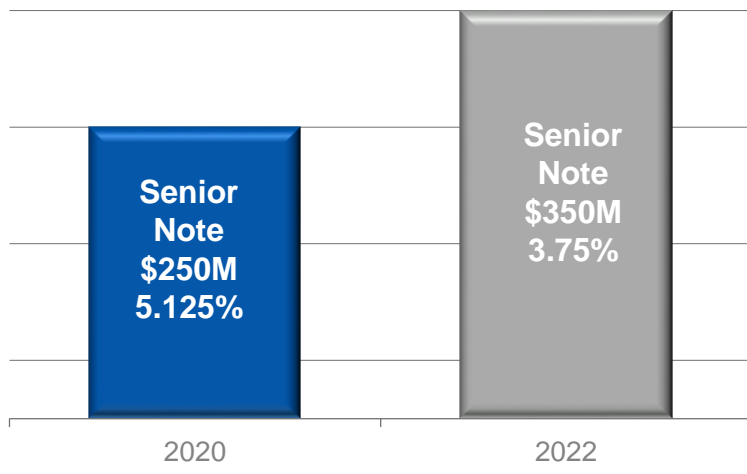


# 2017 Special Items

Restructuring, Facility Rationalization and Other Non-Operating Items					
\$ millions	Q1	Q2	Q3 Forecast	Q4 Forecast	2017 FY Forecast
CCM	\$0.5	\$0.0	\$0.0	\$0.0	~\$1
CIT	\$4.3	\$5.6	~\$3-5	~\$3-5	~\$18-20
CFS	\$3.4	\$0.4	\$0.0	\$0.0	~\$4
CFT	\$0.5	\$0.5	~\$8-10	~\$2-4	~\$15
CBF	\$0.3	\$1.7	~\$1-2	~\$1-2	~\$4-7
CORP	\$0.1	\$0.3	~\$3-5	~\$0-1	~\$4-6
<b>TOTAL</b>	<b>\$9.1</b>	<b>\$8.5</b>	<b>~\$15-22</b>	<b>~\$6-12</b>	<b>~\$45-55</b>

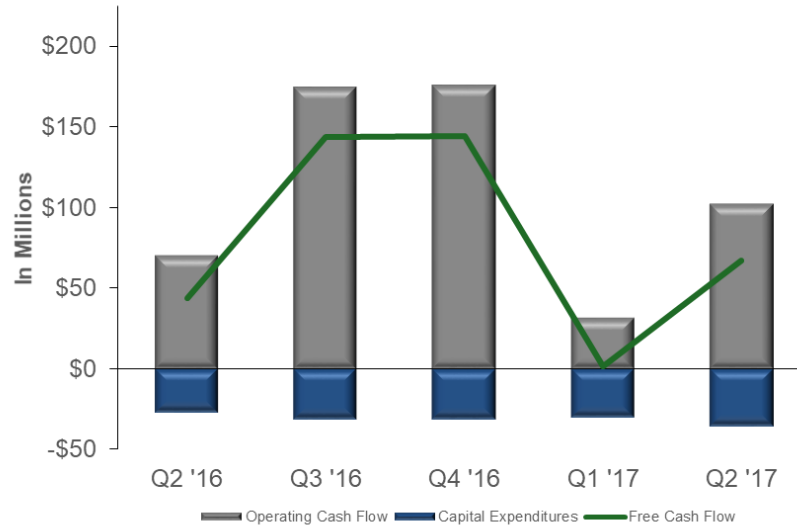
# Focused on Capital Structure Optimization

## Debt Maturity Schedule



- Cash on Hand of \$139.8M as of 6/30/17
- \$890M available under revolver
- \$45.8M capital returned YTD to shareholders in quarterly dividends
- Repurchased \$150M of shares
- Currently 3.3M in additional share buybacks authorized
- Net Debt to Cap ratio of 19%\*
- Net Debt to EBITDA of 1.0x\*
- EBITDA to Interest of 25x\*

# Cash Flow



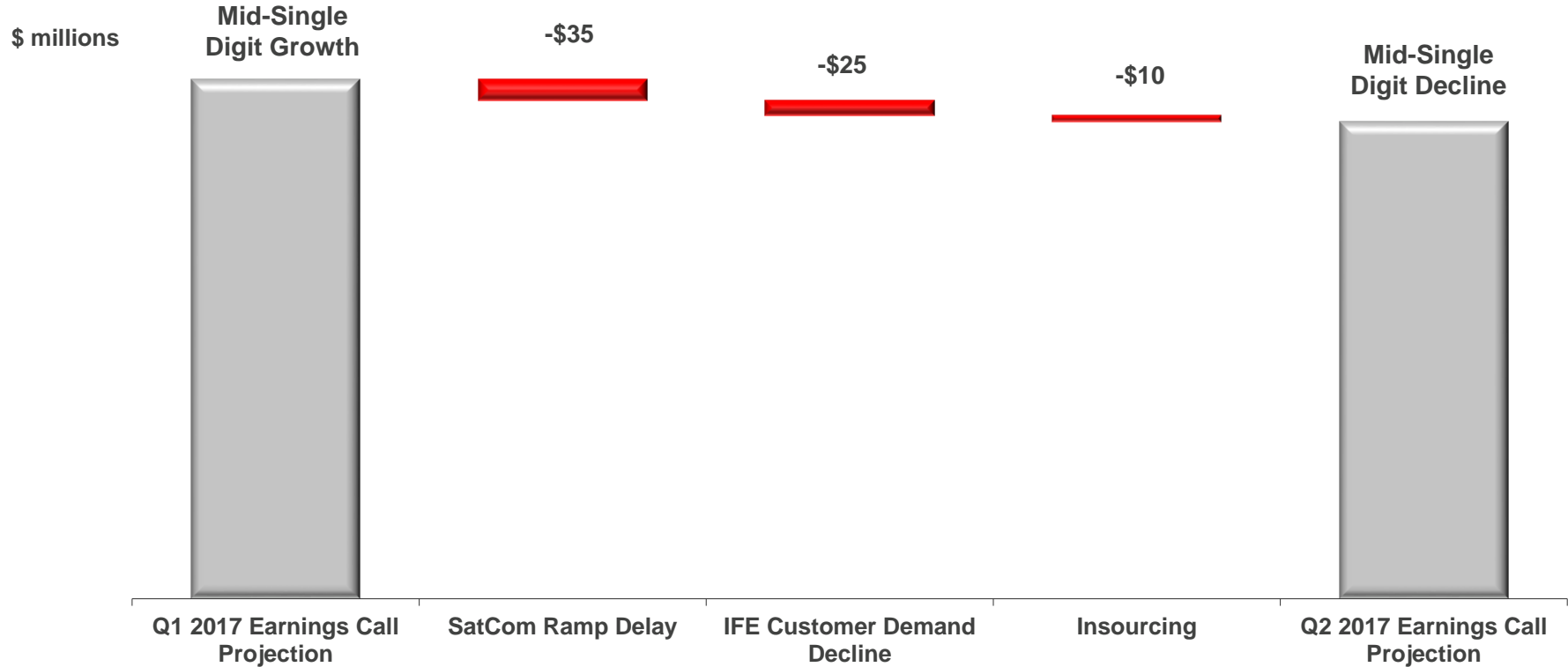
	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17
Operating Cash Flow	\$ 70.9	\$ 175.2	\$ 176.1	\$ 31.9	\$ 102.8
Capital Expenditures	\$ (27.2)	\$ (31.4)	\$ (31.5)	\$ (30.4)	\$ (35.7)
Free Cash Flow	\$ 43.7	\$ 143.8	\$ 144.6	\$ 1.5	\$ 67.1

# 2017 Outlook

---

- Total sales growth of mid-to-high single digits
  - CCM: up high single digits
  - CIT: down mid-single digits
  - CFS: up approximately 40%, inclusive of San Jamar
  - CFT: up mid-single digits
  - CBF: up mid-single digits
- Corporate Expense ~\$70M
- Depreciation & Amortization ~\$160M
- Capital Expenditures ~\$125-150M
- Free cash flow conversion ~100%
- Interest Expense ~\$28M
- Tax rate ~33%

# 2017 CIT Current Revenue Estimate





**Q&A**





## Appendix

# Reconciliation of GAAP to Non-GAAP Measures

## Leverage Ratios under Credit Agreement

(\$ in Millions except for Ratios)

	LTM 6/30/2017
<b>Net income<sup>1</sup></b>	<b>\$231</b>
Income tax expense (continuing and discontinued)	148
Interest expense	28
Depreciation and amortization	150
Non-cash stock based compensation expense	10
Acquisition - San Jamar	11
Non-cash goodwill impairment	142
<b>EBITDA per Revolving Credit Agreement</b>	<b>\$720</b>
Short term debt including current maturities	\$0
Long term debt	710
<b>Total Debt</b>	<b>\$710</b>
Less: Cash in excess of \$15 <sup>2</sup>	-
<b>Debt per Revolving Credit Agreement</b>	<b>710</b>
<b>Net Debt to EBITDA</b>	<b>1.0 x</b>
<b>EBITDA to Interest</b>	<b>25.0 x</b>

<sup>1</sup>Net Income and amounts added to arrive at EBITDA per revolving credit agreement represent 12 months of reported results for the period from July 1, 2016 to June 30, 2017

<sup>2</sup> If the outstanding balance on the revolving credit facility is \$0, Cash in excess of \$15 million is deducted from Debt.

\$110 million outstanding on 6/30/17.

## Net Debt to Capital Ratio

(\$ in Millions except for Ratios)

<b>Total Debt</b>	<b>\$710</b>	<b>Capital</b>	
Less: Cash	140	Net Debt	570
<b>Net Debt</b>	<b>570</b>	Total shareholders' equity	2,473
		<b>Total Capital (Net of Cash)</b>	<b>3,043</b>
		<b>Net Debt to Capital</b>	<b>19%</b>