



1st Quarter  
2021 Earnings Conference Call

April 22, 2021

# Safe Harbor and Regulation G Disclosures

## Forward-Looking Statements:

During this presentation, we make certain forward-looking statements concerning plans and expectations for Carlisle Companies Incorporated. We caution you that actual events or results may differ materially from our plans and expectations based on various factors and uncertainties, including risks from the global coronavirus (COVID-19) pandemic. The risk factors are contained in Carlisle's Securities and Exchange Commission filings. Carlisle undertakes no duty to update forward-looking statements.

## Non-GAAP Financial Measures:

Our management uses non-GAAP financial measures in assessing and evaluating the Company's and its segments' performance, which exclude items we consider non-comparable items. We believe the use of such financial measures and information may be useful to investors. Non-GAAP financial measures should be read in conjunction with the GAAP financial measures, as non-GAAP measures are a supplement to, and not a replacement for, GAAP financial measures. Please refer to the appendix (slides 20 through 27) for a reconciliation of non-GAAP financial measures to the related GAAP financial measures. Throughout this presentation each non-GAAP measure is denoted with an \*.

# Vision 2025 Remains On Track

- **Drive >5% organic growth**
  - CCM, CBF, CFT +5%
- **Utilize COS to drive operating leverage, reducing costs annually 1-2% of sales**
  - Delivered savings of 1.2% of sales
- **Re-shape portfolio with synergistic acquisitions**
  - Maintaining robust M&A pipeline
- **Continue to invest in and develop exceptional talent**
  - Launched revamped Carlisle Leadership System
- **Invest in our highest returning businesses and return capital to shareholders**
  - Planning to nearly double capital spending in 2021
  - Repurchased \$150M of shares in 1Q1
  - Paid \$28M in dividends in 1Q1



# Q1 2021 Results

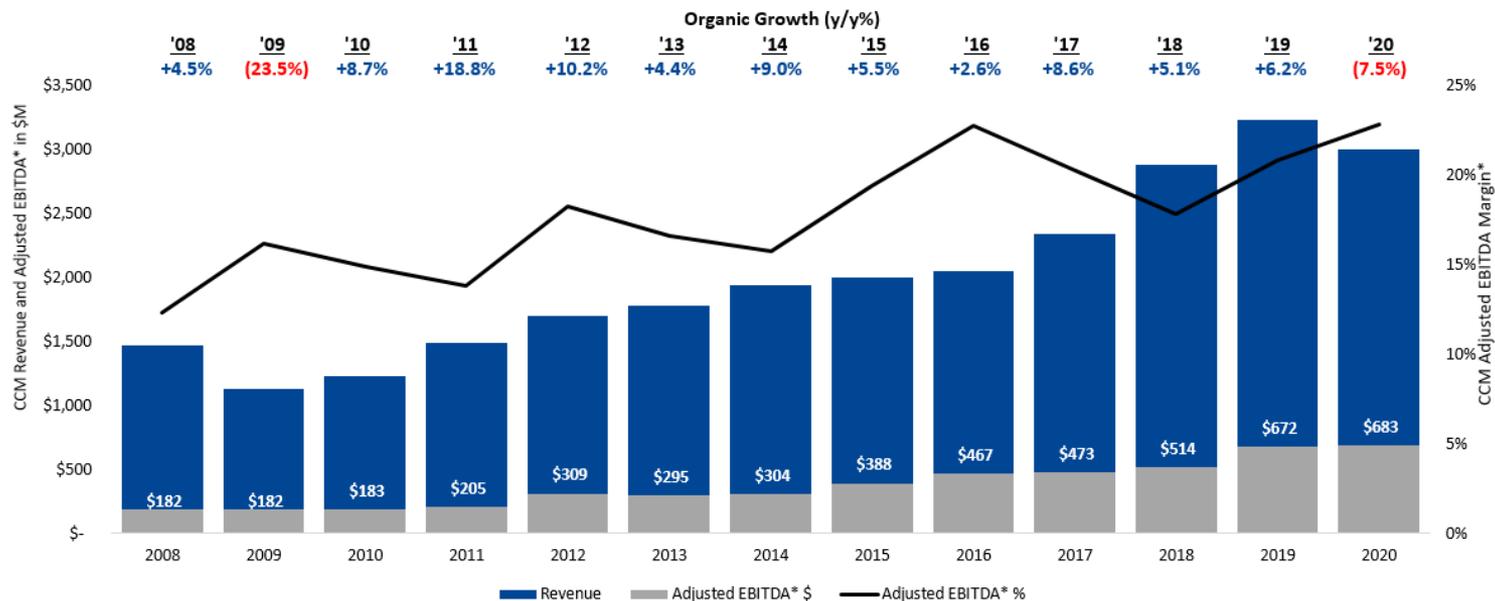
- **Q1 revenue flat y/y**
  - Organic revenue down 1.4% driven by the impacts of COVID pandemic on the commercial aerospace industry at CIT
  - 0.4% acquisition growth
  - FX had a favorable 0.9% impact
- **Operating income declined 12.9% driven by:**
  - Higher volumes at CCM, CFT, CBF and savings from COS
  - Offset by volume declines at CIT

## Financial Summary

<i>(in millions, except per share amounts)</i>	1Q21	1Q20	Δ
Revenues	\$1,029.0	\$1,030.2	-0.1%
Operating income	\$89.5	\$102.7	-12.9%
Operating margin	8.7%	10.0%	-130 bps
Adjusted EBITDA*	\$148.2	\$167.2	-11.4%
Adjusted EBITDA margin*	14.4%	16.2%	-180 bps
Diluted EPS	\$0.97	\$1.09	-11.0%
Adjusted diluted EPS*	\$1.47	\$1.67	-12.0%

The first quarter of 2021 demonstrated yet again Carlisle's ability to navigate varying economic cycles while delivering strong financial performance

# The Exceptional and Sustainable Earnings Power of CCM

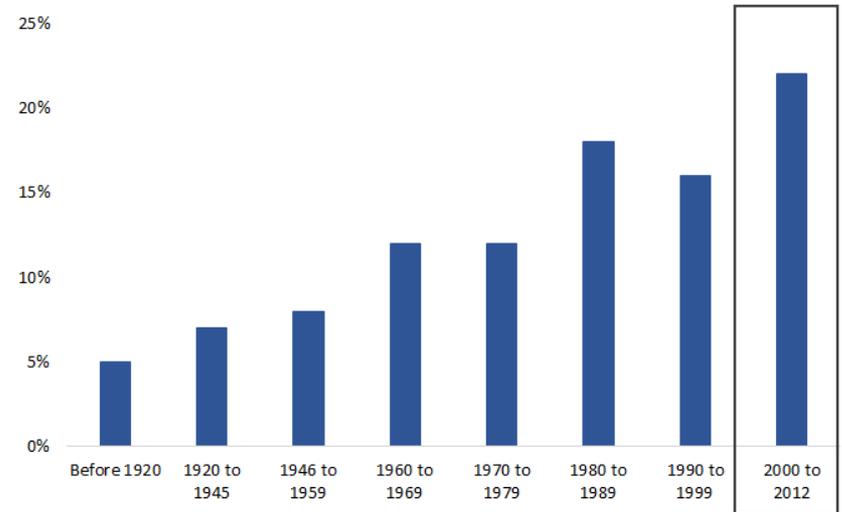


- CCM delivers consistent organic growth, sustained Adjusted EBITDA and Adjusted EBITDA margin\* expansion
- CCM continues to deliver majority of Carlisle's earnings
- CCM has consistently delivered ROIC of over 30%

# CCM Firing on All Cylinders

- February weather events delayed spring start putting more pressure on already significant job backlogs
- Solid leverage on sales growth
- Continuing to enhance the Carlisle Experience
- Innovation driving new product sales – up 28% y/y
- Architectural Metals and Europe deliver double digit revenue growth
- Increasing capital investments to enable organic growth and superior customer service
- Continued projected strength in re-roofing – \$6B market growing to \$8B in next decade

Buildings from past 10-20 years make up 25% of current infrastructure



# Carlisle's Continued Commitment to ESG

- **Launched 2020 Sustainability Report and 2021 milestones:**
  - Report additional frameworks
  - Begin the ISO 14001 Environmental Management System qualification process for additional 12 manufacturing facilities
- **Launched new, award-winning ESG focused website:**
  - Gives investors and the general public easier access to Carlisle's progress related topic-specific GRI data
- **Held inaugural 'Innovation for Sustainable Building' seminar in March**
  - Over 200 stakeholders participated

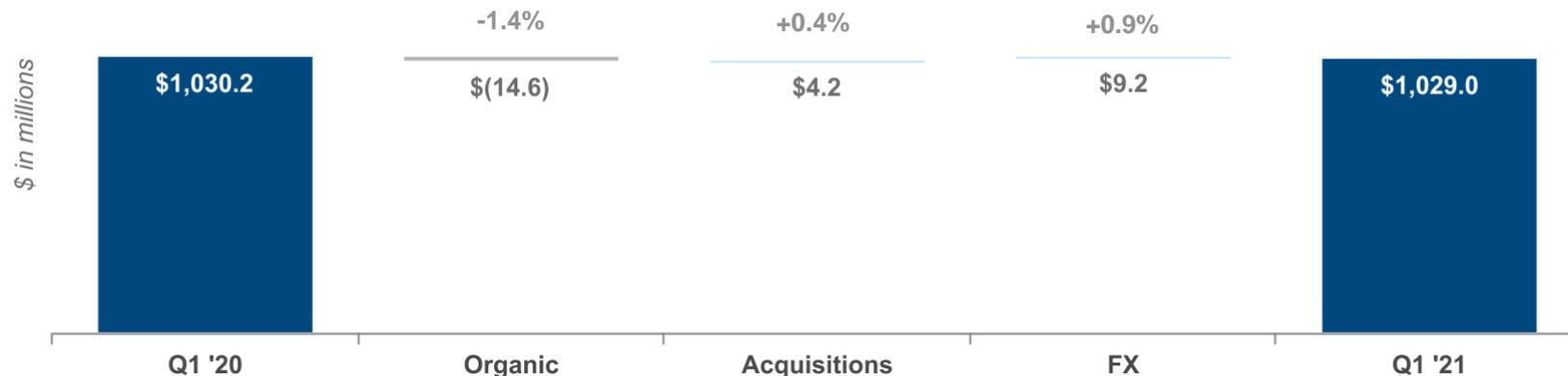


# 1Q21 Capital Deployment

- **Invested:**
  - \$20M in Q1 Cap Ex
  - Over \$10M R&D facility investment in 2019 now fully capable and delivering industry leading innovation
  - Announced investment of ~\$60M in new polyiso facility in central U.S.
- **Returned capital to shareholders in the form of dividends and share repurchases:**
  - \$28 million of dividends
  - \$150 million of share repurchases
  - 5.9 million shares remain under current Board authorization

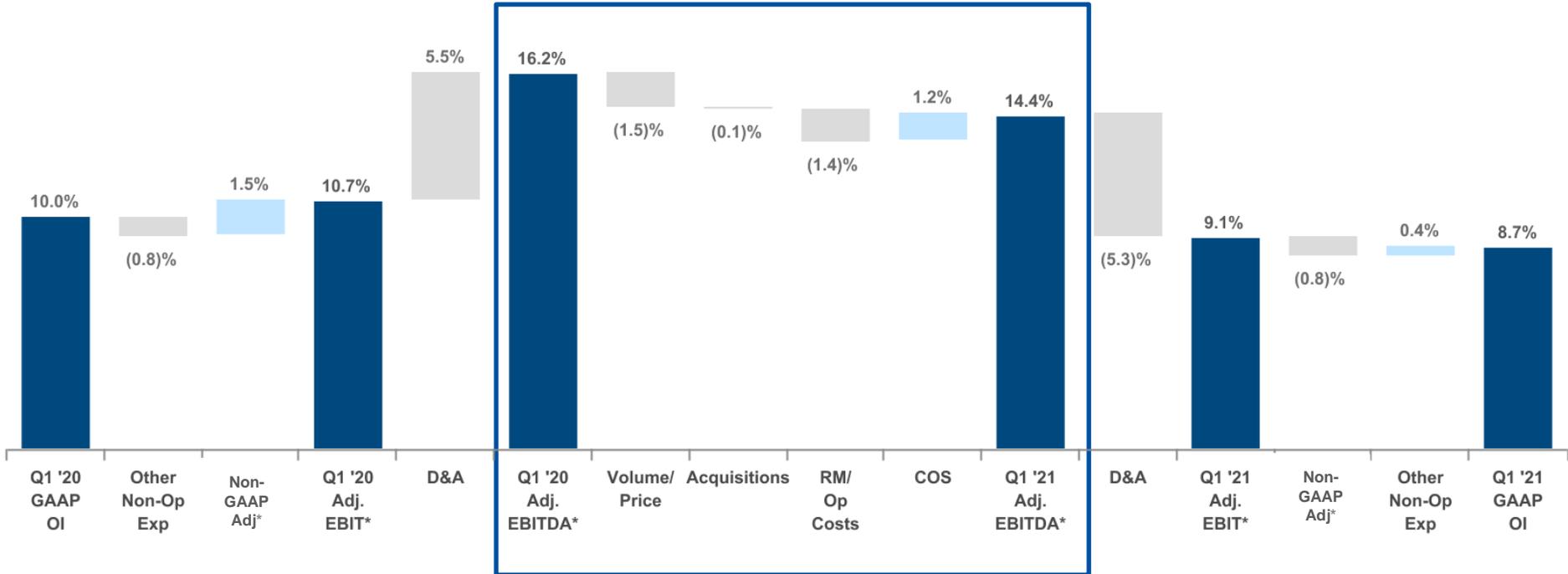


# 1Q21 Revenue Bridge

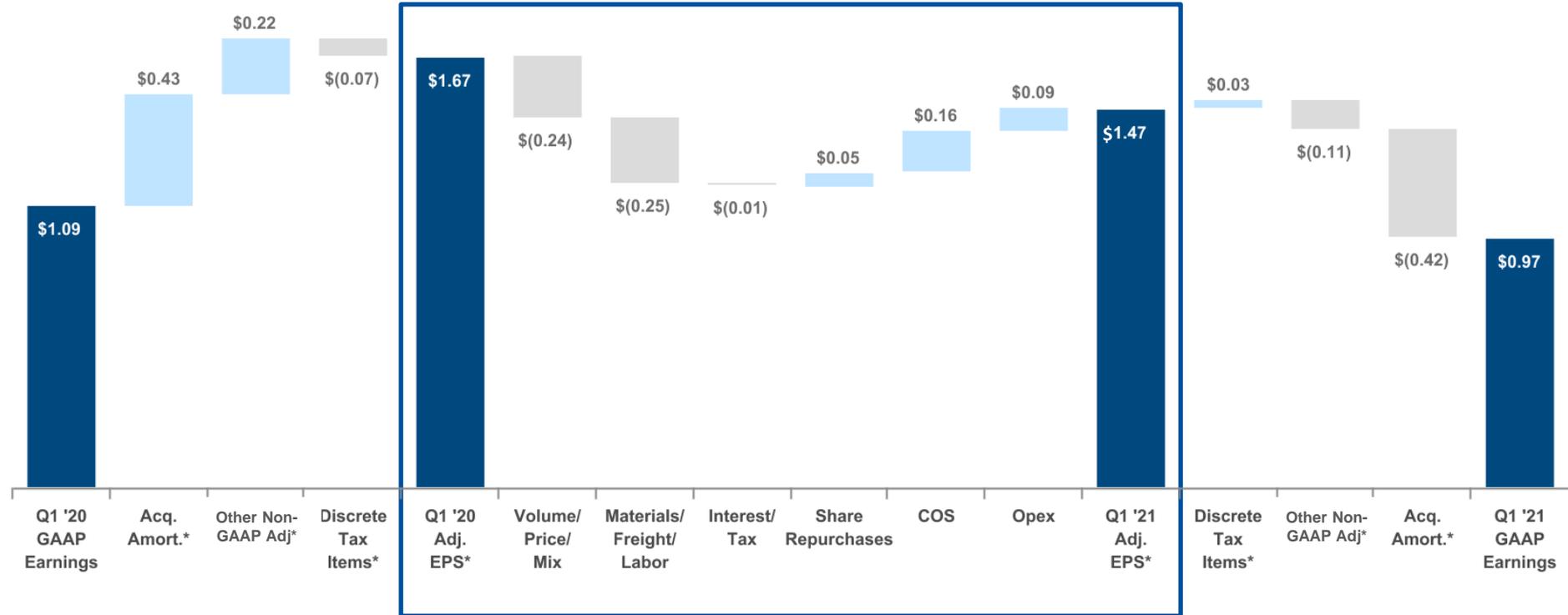


Revenue Change by Segment				
	Organic	Acquisitions	FX	Total
CCM	5.7%	—%	0.6%	6.3%
CIT	(31.5)%	0.8%	0.1%	(30.6)%
CFT	5.3%	4.1%	3.5%	12.9%
CBF	20.4%	—%	3.7%	24.1%

# 1Q21 Margin\* Bridge



# 1Q21 EPS\* Bridge



# Carlisle Construction Materials



(in millions)	Three Months Ended March 31,				Acquisition Effect	Price / Volume Effect	Exchange Rate Effect
	2021	2020	Change \$	Change %			
Revenues	\$ 719.3	\$ 676.4	\$ 42.9	6.3 %	— %	5.7 %	0.6 %
Operating income	\$ 121.3	\$ 107.7	\$ 13.6	12.6 %			
Operating margin	16.9 %	15.9 %		+100 bps			
Depreciation and amortization	\$ 23.4	\$ 24.8					
Adjusted EBITDA*	\$ 144.8	\$ 132.8	\$ 12.0	9.0 %			
Adjusted EBITDA margin*	20.1 %	19.6 %		+50 bps			

- **1Q Notable Commercial Items:**

- Strong March rebound after inclement weather in February
- Entering Q2 with record bookings
- Price increases gaining traction – CCM performing at an extremely high standard delivering the premium Carlisle Experience

- **Adjusted EBITDA Margin\* Increase:**

- Margin expansion driven by higher volumes, COS savings and lower SG&A
- Partially offset by raw material and wage inflation

# Carlisle Interconnect Technologies



<i>(in millions)</i>	Three Months Ended March 31,				Acquisition Effect	Price / Volume Effect	Exchange Rate Effect
	2021	2020	Change \$	Change %			
Revenues	\$ 155.8	\$ 224.5	\$ (68.7)	(30.6)%	0.8 %	(31.5)%	0.1 %
Operating income	\$ (10.7)	\$ 16.4	\$ (27.1)	(165.2)%			
Operating margin	(6.9)%	7.3 %		NM			
Depreciation and amortization	\$ 18.9	\$ 19.1					
Adjusted EBITDA*	\$ 11.0	\$ 39.7	\$ (28.7)	(72.3)%			
Adjusted EBITDA margin*	7.1 %	17.7 %		-1060 bps			

- **1Q Notable Commercial Items:**

- Decline in Commercial Aerospace demand continuing to negatively impact CIT
- Positive signs indicate sequential improvement going forward:
  - Passenger traffic continues to improve and vaccine roll out gaining traction
  - Backlog improving

- **Adjusted EBITDA Margin\* Decline:**

- Lower commercial aerospace
- Partially offset by COS savings and lower operating expenses

# Carlisle Fluid Technologies



<i>(in millions)</i>	Three Months Ended March 31,				Acquisition Effect	Price / Volume Effect	Exchange Rate Effect
	2021	2020	Change \$	Change %			
Revenues	\$ 65.8	\$ 58.3	\$ 7.5	12.9 %	4.1 %	5.3 %	3.5 %
Operating income	\$ 4.3	\$ 2.8	\$ 1.5	53.6 %			
Operating margin	6.5 %	4.8 %		+170bps			
Depreciation and amortization	\$ 5.6	\$ 6.2					
Adjusted EBITDA*	\$ 10.2	\$ 12.5	\$ (2.3)	(18.4)%			
Adjusted EBITDA margin*	15.5 %	21.4 %		-590 bps			

- **1Q Notable Commercial Items:**

- Positive price realization, improved operational execution and new product introductions
- End markets strengthening, especially General Industrial

- **Adjusted EBITDA Margin\* Decline:**

- Positive volume leverage
- More than offset by impact of \$3M FX positive in 2020



# Carlisle Brake & Friction



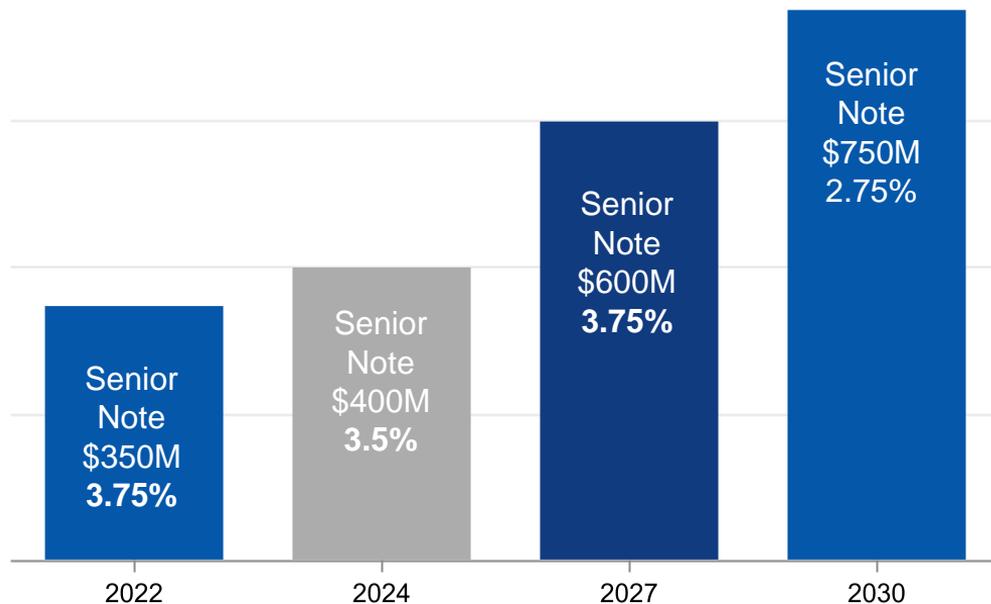
<i>(in millions)</i>	Three Months Ended March 31,				Acquisition Effect	Price / Volume Effect	Exchange Rate Effect
	2021	2020	Change \$	Change %			
Revenues	\$ 88.1	\$ 71.0	\$ 17.1	24.1 %	— %	20.4 %	3.7 %
Operating income	\$ 6.1	\$ (3.8)	\$ 9.9	NM			
Operating margin	6.9 %	(5.4)%		NM			
Depreciation and amortization	\$ 5.0	\$ 5.9					
Adjusted EBITDA*	\$ 11.7	\$ 5.2	\$ 6.5	125.0 %			
Adjusted EBITDA margin*	13.3 %	7.3 %		+600 bps			



- **1Q Notable Commercial Items:**
  - Optimistic 2021 will be an inflection year
  - Agriculture and Construction end markets strengthening
  - Bookings grew over 80% y/y
- **Adjusted EBITDA Margin\* Increase:**
  - Driven by higher volumes and COS savings

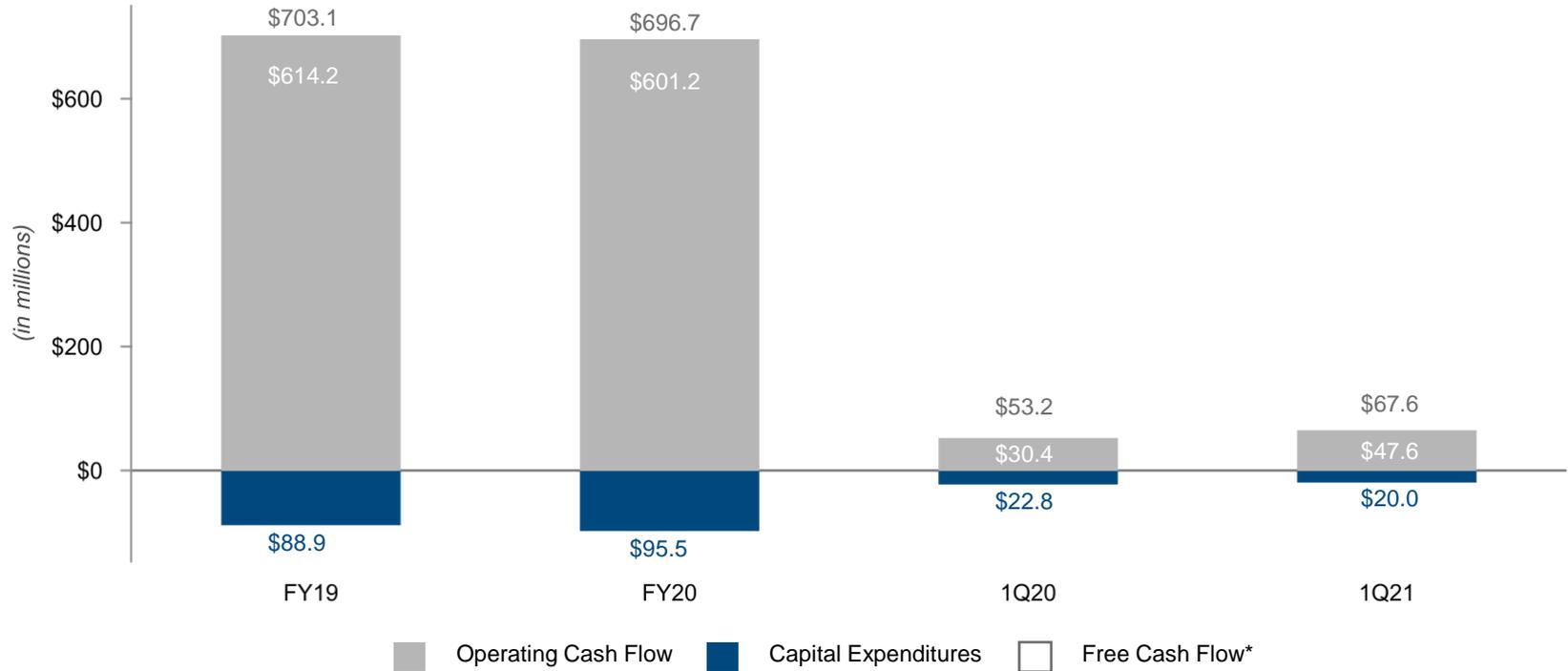
# Focused on Capital Structure Optimization

## Debt Maturity Schedule



- Cash on hand of \$767M as of 3/31/21
- \$1B available under revolver
- \$28.4M capital returned to shareholders in dividends
- Utilized \$150M of cash to repurchase shares
  - 5.9M shares remaining under authorization as of March 31, 2021
- Net debt to cap ratio\* of 35%
- Net Debt to EBITDA\* of 1.9x
- EBITDA to interest\* of 9.4x

# Solid 1Q21 Cash Flow Performance



# FY 2021 Outlook

	2021 Revenue Outlook	Primary Drivers
Carlisle Construction Materials	+LDD	<ul style="list-style-type: none"> <li>• Strong re-roofing demand</li> <li>• Price discipline</li> <li>• Strong Architectural Metals, European, Polyurethanes markets</li> </ul>
Carlisle Interconnect Technologies	-MSD/HSD	<ul style="list-style-type: none"> <li>• Commercial Aerospace performance at or near bottom, backlog improving</li> </ul>
Carlisle Fluid Technologies	+LDD	<ul style="list-style-type: none"> <li>• Focus on new product introductions and price discipline</li> <li>• Markets strengthening</li> </ul>
Carlisle Brake & Friction	+30%	<ul style="list-style-type: none"> <li>• Construction and Agriculture markets strengthening</li> <li>• Bookings up over 80% in Q1 y/y</li> </ul>
Total Carlisle	+LDD	

	FY21 Forecast
Corporate & Unallocated Expense	~\$120M
Depreciation & Amortization	~\$225M
Capital Expenditures	\$150-\$175M
FCF Conversion*	~120%
Interest Expense, net <sup>1</sup>	~\$75M
Base Tax Rate	~25%
Restructuring	~\$20M

<sup>1</sup>Interest expense, net, is presented net of interest income.



## Appendix

# Non-GAAP Financial Measures

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 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;
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, which the Company defines as net cash provided by operating activities less capital expenditures;
7. Net debt to EBITDA<sup>1</sup>, which the Company defines as senior note debt less cash plus \$15 million (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);
8. EBITDA<sup>1</sup> to interest, which the Company defines as EBITDA per debt covenants divided by interest expense;
9. Net debt to capital, which the Company defines as total debt less cash (net debt) divided by total shareholder’s equity plus net debt.

Management believes that adjusted EBITDA, and adjusted EBITDA margin, adjusted diluted earnings per share and organic revenue are useful to investors because they allow for comparison to the Company’s performance in prior periods without the effect of items that, by their nature, tend to obscure the Company’s 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 peer 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.

# Reconciliation to Adjusted EBITDA

<i>(in millions)</i>	Three Months Ended March 31,	
	2021	2020
Net income (GAAP)	\$ 52.2	\$ 61.8
Income from discontinued operations (GAAP)	—	—
Income from continuing operations (GAAP)	52.2	61.8
Provision for income taxes	14.7	14.4
Interest expense, net	19.2	18.9
Interest income	(0.5)	(0.7)
EBIT	85.6	94.4
Exit and disposal, and facility rationalization costs	3.1	6.3
Inventory step-up amortization and acquisition costs	0.9	0.7
Impairment charges	—	—
(Gains) losses from acquisitions and disposals	3.4	0.2
(Gains) losses from insurance	0.3	—
(Gains) losses from litigation	0.6	—
Losses on extinguishment of debt	—	8.8
Total non-comparable items	8.3	16.0
Adjusted EBIT	93.9	110.4
Depreciation	23.7	24.6
Amortization	30.6	32.2
Adjusted EBITDA	148.2	167.2
Divided by total revenues	\$ 1,029.0	\$ 1,030.2
Adjusted EBITDA margin	14.4 %	16.2 %

# Reconciliation to Adjusted EBITDA

Three Months Ended March 31, 2021

<i>(in millions)</i>	CCM	CIT	CFT	CBF	Corporate and unallocated
Operating income (loss) (GAAP)	\$ 121.3	\$ (10.7)	\$ 4.3	\$ 6.1	\$ (31.5)
Non-operating (income) expense <sup>(1)</sup>	2.2	—	0.4	0.3	1.0
EBIT	119.1	(10.7)	3.9	5.8	(32.5)
Exit and disposal, and facility rationalization costs	—	2.5	0.6	—	—
Inventory step-up amortization and acquisition costs	—	—	0.1	—	0.8
Impairment charges	—	—	—	—	—
(Gains) losses from acquisitions and disposals	2.3	0.3	—	—	0.8
(Gains) losses from insurance	—	—	—	0.3	—
(Gains) losses from litigation	—	—	—	0.6	—
Losses on extinguishment of debt	—	—	—	—	—
Total non-comparable items	2.3	2.8	0.7	0.9	1.6
Adjusted EBIT	121.4	(7.9)	4.6	6.7	(30.9)
Depreciation	11.9	6.3	1.2	3.4	0.9
Amortization	11.5	12.6	4.4	1.6	0.5
Adjusted EBITDA	\$ 144.8	\$ 11.0	\$ 10.2	\$ 11.7	\$ (29.5)
Divided by total revenues	\$ 719.3	\$ 155.8	\$ 65.8	\$ 88.1	\$ —
Adjusted EBITDA margin	20.1 %	7.1 %	15.5 %	13.3 %	NM

<sup>(1)</sup> Includes other non-operating (income) expense, which may be presented in separate line items on the Condensed Consolidated Statements of Income.

# Reconciliation to Adjusted EBITDA

Three Months Ended March 31, 2020

<i>(in millions)</i>	CCM	CIT	CFT	CBF	Corporate and unallocated
Operating income (loss) (GAAP)	\$ 107.7	\$ 16.4	\$ 2.8	\$ (3.8)	\$ (20.4)
Non-operating (income) expense <sup>(1)</sup>	0.3	(0.8)	(3.3)	(0.3)	12.4
EBIT	107.4	17.2	6.1	(3.5)	(32.8)
Exit and disposal, and facility rationalization costs	0.1	3.4	—	2.8	—
Inventory step-up amortization and acquisition costs	0.2	—	0.2	—	0.3
Impairment charges	—	—	—	—	—
(Gains) losses from acquisitions and disposals	0.3	—	—	—	(0.1)
(Gains) losses from insurance	—	—	—	—	—
(Gains) losses from litigation	—	—	—	—	—
Losses on extinguishment of debt	—	—	—	—	8.8
Total non-comparable items	0.6	3.4	0.2	2.8	9.0
Adjusted EBIT	108.0	20.6	6.3	(0.7)	(23.8)
Depreciation	12.2	6.0	1.3	4.4	0.7
Amortization	12.6	13.1	4.9	1.5	0.1
Adjusted EBITDA	\$ 132.8	\$ 39.7	\$ 12.5	\$ 5.2	\$ (23.0)
Divided by total revenues	\$ 676.4	\$ 224.5	\$ 58.3	\$ 71.0	\$ —
Adjusted EBITDA margin	19.6 %	17.7 %	21.4 %	7.3 %	NM

<sup>(1)</sup> Includes other non-operating (income) expense, which may be presented in separate line items on the Condensed Consolidated Statements of Income.

# Reconciliation to Adjusted Diluted EPS

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Pre-tax Impact	Post-tax Impact <sup>(1)</sup>	Impact to Diluted EPS <sup>(2)</sup>	Pre-tax Impact	Post-tax Impact <sup>(1)</sup>	Impact to Diluted EPS <sup>(2)</sup>
Net income (GAAP)		\$ 52.2	\$ 0.97		\$ 61.8	\$ 1.09
Exit and disposal, and facility rationalization costs	3.1	2.3	0.04	6.3	4.7	0.08
Inventory step-up amortization and acquisition costs	0.9	0.6	0.01	0.7	0.6	0.01
Impairment charges	—	—	—	—	—	—
(Gains) losses from acquisitions and disposals <sup>(3)</sup>	3.4	2.5	0.05	0.2	0.5	0.01
(Gains) losses from insurance	0.3	0.2	—	—	—	—
(Gains) losses from litigation	0.6	0.5	0.01	—	—	—
Losses on extinguishment of debt	—	—	—	8.8	6.6	0.12
Acquisition-related amortization <sup>(4)</sup>	29.7	22.5	0.42	31.8	24.1	0.43
Discrete tax items <sup>(5)</sup>	—	(1.6)	(0.03)	—	(4.0)	(0.07)
<b>Total adjustments</b>		<b>27.0</b>	<b>0.50</b>		<b>32.5</b>	<b>0.58</b>
<b>Adjusted net income</b>		<b>\$ 79.2</b>	<b>\$ 1.47</b>		<b>\$ 94.3</b>	<b>\$ 1.67</b>

<sup>(1)</sup>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.

<sup>(2)</sup>The per share impact of adjustments to each period is based on diluted shares outstanding using the two-class method.

<sup>(3)</sup>After-tax impact includes discrete items related to indemnification asset write-offs, which had a zero impact to net income and diluted EPS (\$0.8) million in first-quarter 2021 and \$0.1 million in first-quarter 2020).

<sup>(4)</sup>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.

<sup>(5)</sup>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

<i>(in millions, except per share amounts)</i>	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Pre-tax Impact	Post-tax Impact <sup>(1)</sup>	Impact to Diluted EPS <sup>(2)</sup>	Pre-tax Impact	Post-tax Impact <sup>(1)</sup>	Impact to Diluted EPS <sup>(2)</sup>
Net income (GAAP)		\$ 320.1	\$ 5.80		\$ 472.8	\$ 8.19
Loss from discontinued operations (GAAP)		4.1	0.08		0.9	0.02
Income from continuing operations (GAAP)		324.2	5.88		473.7	8.21
Exit and disposal, and facility rationalization costs	26.6	20.1	0.37	19.4	14.7	0.26
Inventory step-up amortization and acquisition costs	4.4	3.4	0.06	11.4	9.3	0.16
Impairment charges	6.0	4.6	0.08	—	—	—
(Gains) losses from acquisitions and disposals <sup>(3)</sup>	4.0	0.3	0.01	(4.9)	(6.5)	(0.11)
(Gains) losses from insurance	(0.7)	(0.6)	(0.01)	—	—	—
(Gains) losses from litigation	—	—	—	—	—	—
Losses on extinguishment of debt	8.8	6.6	0.12	—	—	—
Acquisition-related amortization <sup>(4)</sup>	124.7	94.7	1.72	115.3	87.7	1.52
Discrete tax items <sup>(5)</sup>	—	(16.9)	(0.31)	—	(13.2)	(0.23)
Total adjustments		112.2	2.04		92.0	1.60
Adjusted net income		\$ 436.4	\$ 7.92		\$ 565.7	\$ 9.81

<sup>(1)</sup>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.

<sup>(2)</sup>The per share impact of adjustments to each period is based on diluted shares outstanding using the two-class method.

<sup>(3)</sup>After-tax impact includes discrete items related to indemnification asset write-offs, which had a zero impact to net income and diluted EPS (\$4.6) million in 2020 and \$(1.9) million in 2019.

<sup>(4)</sup>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.

<sup>(5)</sup>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 Organic Revenue and Free Cash Flow

## Organic Revenue

Three Months Ended March 31,

<i>(in millions)</i>	CSL		CCM		CIT		CFT		CBF	
2020 Revenue (GAAP)	\$	1,030.2	\$	676.4	\$	224.5	\$	58.3	\$	71.0
Volume/Price		(14.6)		38.7		(70.9)		3.1		14.5
Organic revenue		(14.6)		38.7		(70.9)		3.1		14.5
Acquisitions		4.2		—		1.8		2.4		—
FX impact		9.2		4.2		0.4		2.0		2.6
Total change		(1.2)		42.9		(68.7)		7.5		17.1
2021 Revenue (GAAP)		1,029.0		719.3		155.8		65.8		88.1

## Free Cash Flow

<i>(in millions)</i>	2019	2020	1Q20	1Q21
Operating cash flow (GAAP)	\$ 703.1	\$ 696.7	\$ 53.2	\$ 67.6
Less: capital expenditures (GAAP)	(88.9)	(95.5)	(22.8)	(20.0)
Free cash flow	\$ 614.2	\$ 601.2	\$ 30.4	\$ 47.6
Adjusted net income	\$ 565.7	\$ 436.4	\$ 94.3	\$ 79.2
Free cash flow conversion <sup>1</sup>	109 %	138 %	32 %	60 %

<sup>1</sup> Free cash flow conversion is defined as net cash provided by operating activities less capital expenditures divided by adjusted net income.

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

## Unaudited Leverage Ratios

<i>(in millions except for ratios)</i>	LTM 3/31/2021
Income from Continuing Operations (GAAP)	\$ 314.6
Income tax expense	77.4
Interest expense	76.9
Depreciation and amortization	221.7
Non-cash stock based compensation expense	32.1
Debt covenant defined EBITDA <sup>1</sup>	\$ 722.7
Short-term debt from senior notes	\$
Long-term debt from senior notes	2,100.0
Total senior note debt	\$ 2,100.0
Less: Cash	(767.2)
Plus: \$15 million	15.0
Net debt per debt covenants <sup>1</sup>	\$ 1,347.8
Net debt to EBITDA per debt covenants <sup>1</sup>	1.9x
EBITDA <sup>1</sup> per debt covenants to interest	9.4x

## Net Debt to Capital Ratio

<i>(in millions except for ratios)</i>	3/31/2021
Long-term debt, including current portion (GAAP)	\$ 2,082.2
Less: cash	\$ (767.2)
Net debt	\$ 1,315.0
Capital	
Net debt	\$ 1,315.0
Total shareholders' equity	\$ 2,411.8
Total capital (net of cash)	\$ 3,726.8
Net debt to capital	35 %