

Reconciliation of Non-GAAP Financial Measures

Aptar 



This presentation includes certain non-GAAP financial measures. The calculation of these measures, and a reconciliation to previously reported comparable measures calculated in accordance with U.S. generally accepted accounting principles (GAAP) is shown below. The Company believes that this information, when used in conjunction with information presented in accordance with U.S. GAAP, can facilitate a better understanding of the impact of various factors and trends on the Company's financial condition and results of operations. The Company believes that this information should be used in conjunction with the Company's SEC filings.

Reconciliation of Non-GAAP Measures



AptarGroup, Inc.
Reconciliation of Adjusted EBIT and Adjusted EBITDA to Net Income (Unaudited)
(\$ In Thousands)

	Three Months Ended June 30, 2020					
	Consolidated	Beauty + Home	Pharma	Food + Beverage	Corporate & Other	Net Interest
Net Sales	\$ 699,305	299,786	301,259	98,260	-	-
Reported net income	\$ 41,860					
Reported income taxes	18,808					
Reported income before income taxes	60,668	(12,755)	85,467	8,519	(12,004)	(8,559)
Adjustments:						
Restructuring initiatives	7,331	7,324	(111)	75	43	
Transaction costs related to acquisitions	3,207	3,207				
Purchase accounting adjustments related to acquisitions and investments	3,252	2,959	293			
Adjusted earnings before income taxes	74,458	735	85,649	8,594	(11,961)	(8,559)
Interest expense	8,734					8,734
Interest income	(175)					(175)
Adjusted earnings before net interest and taxes (Adjusted EBIT)	83,017	735	85,649	8,594	(11,961)	-
Depreciation and amortization	56,429	25,939	18,617	9,191	2,682	-
Purchase accounting adjustments included in Depreciation and amortization above	(2,867)	(2,700)	(167)			
Adjusted earnings before net interest, taxes, depreciation and amortization (Adjusted EBITDA)	\$ 136,579	\$ 23,974	\$ 104,099	\$ 17,785	\$ (9,279)	\$ -
Adjusted EBITDA margins (Adjusted EBITDA / Reported Net Sales)	19.5%	8.0%	34.6%	18.1%		

	Three Months Ended June 30, 2019					
	Consolidated	Beauty + Home	Pharma	Food + Beverage	Corporate & Other	Net Interest
Net Sales	\$ 742,661	342,080	281,939	118,642	-	-
Reported net income	\$ 73,921					
Reported income taxes	28,180					
Reported income before income taxes	102,101	26,813	84,425	12,195	(13,609)	(7,723)
Adjustments:						
Restructuring initiatives	1,737	1,259	(113)	112	479	
Transaction costs related to acquisitions	1,059		1,059			
Purchase accounting adjustments related to acquisitions and investments	222		222			
Adjusted earnings before income taxes	105,119	28,072	85,593	12,307	(13,130)	(7,723)
Interest expense	8,756					8,756
Interest income	(1,033)					(1,033)
Adjusted earnings before net interest and taxes (Adjusted EBIT)	112,842	28,072	85,593	12,307	(13,130)	-
Depreciation and amortization	47,867	20,673	18,057	8,637	2,500	-
Purchase accounting adjustments included in Depreciation and amortization above	(222)		(222)			
Adjusted earnings before net interest, taxes, depreciation and amortization (Adjusted EBITDA)	\$ 160,487	\$ 48,745	\$ 101,428	\$ 20,944	\$ (10,630)	\$ -
Adjusted EBITDA margins (Adjusted EBITDA / Reported Net Sales)	21.6%	14.2%	36.0%	17.7%		

Reconciliation of Non-GAAP Measures



AptarGroup, Inc.
Reconciliation of Adjusted EBIT and Adjusted EBITDA to Net Income (Unaudited)
(\$ In Thousands)

	Six Months Ended June 30, 2020					
	Consolidated	Beauty + Home	Pharma	Food + Beverage	Corporate & Other	Net Interest
Net Sales	\$ 1,420,858	624,346	598,455	198,057	-	-
Reported net income	\$ 97,110					
Reported income taxes	41,594					
Reported income before income taxes	138,704	(5,647)	175,321	14,481	(28,679)	(16,772)
Adjustments:						
Restructuring initiatives	12,170	12,231	(142)	178	(97)	
Transaction costs related to acquisitions	4,591	4,591				
Purchase accounting adjustments related to acquisitions and investments	4,642	3,221	1,421			
Adjusted earnings before income taxes	160,107	14,396	176,600	14,659	(28,776)	(16,772)
Interest expense	17,122					17,122
Interest income	(350)					(350)
Adjusted earnings before net interest and taxes (Adjusted EBIT)	176,679	14,396	176,600	14,659	(28,776)	-
Depreciation and amortization	107,235	46,525	36,508	18,533	5,669	-
Purchase accounting adjustments included in Depreciation and amortization above	(3,387)	(2,700)	(687)			
Adjusted earnings before net interest, taxes, depreciation and amortization (Adjusted EBITDA)	\$ 280,747	\$ 58,221	\$ 212,441	\$ 33,192	\$ (23,107)	\$ -
Adjusted EBITDA margins (Adjusted EBITDA / Reported Net Sales)	19.8%	9.3%	35.5%	16.8%		

	Six Months Ended June 30, 2019					
	Consolidated	Beauty + Home	Pharma	Food + Beverage	Corporate & Other	Net Interest
Net Sales	\$ 1,487,121	709,739	554,640	222,742	-	-
Reported net income	\$ 136,920					
Reported income taxes	55,180					
Reported income before income taxes	192,100	50,994	165,683	19,911	(29,299)	(15,189)
Adjustments:						
Restructuring initiatives	11,267	9,528	213	622	904	
Transaction costs related to acquisitions	1,059		1,059			
Purchase accounting adjustments related to acquisitions and investments	222		222			
Adjusted earnings before income taxes	204,648	60,522	167,177	20,533	(28,395)	(15,189)
Interest expense	17,970					17,970
Interest income	(2,781)					(2,781)
Adjusted earnings before net interest and taxes (Adjusted EBIT)	219,837	60,522	167,177	20,533	(28,395)	-
Depreciation and amortization	95,356	41,414	31,830	17,102	5,010	-
Purchase accounting adjustments included in Depreciation and amortization above	(222)		(222)			
Adjusted earnings before net interest, taxes, depreciation and amortization (Adjusted EBITDA)	\$ 314,971	\$ 101,936	\$ 198,785	\$ 37,635	\$ (23,385)	\$ -
Adjusted EBITDA margins (Adjusted EBITDA / Reported Net Sales)	21.2%	14.4%	35.8%	16.9%		

Reconciliation of Non-GAAP Measures



AptarGroup, Inc.
Reconciliation of Adjusted Earnings Per Diluted Share (Unaudited)
(In Thousands, Except Per Share Data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Income before Income Taxes	\$ 60,668	\$ 102,101	\$ 138,704	\$ 192,100
<u>Adjustments:</u>				
Restructuring initiatives	7,331	1,737	12,170	11,267
Transaction costs related to acquisitions	3,207	1,059	4,591	1,059
Purchase accounting adjustments related to acquisitions and investments	3,252	222	4,642	222
Foreign currency effects (1)		(1,136)		(3,348)
Adjusted Earnings before Income Taxes	\$ 74,458	\$ 103,983	\$ 160,107	\$ 201,300
Provision for Income Taxes	\$ 18,808	\$ 28,180	\$ 41,594	\$ 55,180
<u>Adjustments:</u>				
Restructuring initiatives	1,503	488	2,702	3,166
Transaction costs related to acquisitions	481	53	689	53
Purchase accounting adjustments related to acquisitions and investments	727	42	1,026	42
Foreign currency effects (1)		(314)		(962)
Adjusted Provision for Income Taxes	\$ 21,519	\$ 28,449	\$ 40,011	\$ 57,479
Net Income Attributable to Noncontrolling Interests	\$ (21)	\$ (6)	\$ (18)	\$ (1)
Net Income Attributable to AptarGroup, Inc.	\$ 41,839	\$ 73,915	\$ 97,092	\$ 136,919
<u>Adjustments:</u>				
Restructuring initiatives	5,828	1,249	9,468	8,101
Transaction costs related to acquisitions	2,726	1,006	3,902	1,006
Purchase accounting adjustments related to acquisitions and investments	2,625	180	3,616	180
Foreign currency effects (1)		(822)		(2,386)
Adjusted Net Income Attributable to AptarGroup, Inc.	\$ 52,918	\$ 75,528	\$ 114,078	\$ 143,820
Average Number of Diluted Shares Outstanding	66,384	66,232	66,246	65,842
Net Income Attributable to AptarGroup, Inc. Per Diluted Share	\$ 0.63	\$ 1.12	\$ 1.47	\$ 2.08
<u>Adjustments:</u>				
Restructuring initiatives	0.09	0.02	0.14	0.12
Transaction costs related to acquisitions	0.04	0.01	0.06	0.02
Purchase accounting adjustments related to acquisitions and investments	0.04	-	0.05	-
Foreign currency effects (1)		(0.01)		(0.04)
Adjusted Net Income Attributable to AptarGroup, Inc. Per Diluted Share	\$ 0.80	\$ 1.14	\$ 1.72	\$ 2.18

(1) Foreign currency effects are approximations of the adjustment necessary to state the prior year earnings and earnings per share using current period foreign currency exchange rates.

Reconciliation of Non-GAAP Measures

Reconciliation of Adjusted EBIT and Adjusted EBITDA to Net Income (Unaudited) (In Thousands)

	2017	2018	2019
Reported Net Sales	2,469,283	2,764,761	2,859,732
Reported Net Income	220,029	194,766	242,227
Reported Income Taxes	74,796	71,254	99,842
Reported Income before Income Taxes	294,825	266,020	342,069
Adjustments:			
Transaction costs related to acquisitions	-	9,598	3,927
Purchase accounting adjustments related to acquired companies' inventory and backlog	-	14,172	1,202
Gain on insurance recovery	(10,648)	-	-
Restructuring initiatives	2,208	63,829	20,472
Adjusted earnings before income taxes	286,385	353,619	367,670
Interest Expense	40,597	32,626	35,489
Interest Income	(5,470)	(7,056)	(4,174)
Adjusted earnings before net interest and taxes (Adjusted EBIT)	321,512	379,189	398,985
Depreciation and Amortization	153,094	171,747	194,552
Backlog amortization included in Depreciation and Amortization above	-	-	(1,202)
Adjusted earnings before net interest, taxes, depreciation, amortization, and unusual items. (Adjusted EBITDA)	474,606	550,936	592,335
Adjusted EBITDA / Sales %	19%	20%	21%

Reconciliation of Non-GAAP Measures



AptarGroup, Inc.
Reconciliation of Adjusted EBIT and Adjusted EBITDA to Net Income (Unaudited)
(\$ In Thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net Sales	\$ 1,841,616	\$ 2,076,719	\$ 2,337,183	\$ 2,331,036	\$ 2,520,013	\$ 2,597,809	\$ 2,317,149	\$ 2,330,934	\$ 2,469,283	\$ 2,764,761	\$ 2,859,732
Reported net income	\$ 124,597	\$ 173,589	\$ 183,630	\$ 162,420	\$ 171,926	\$ 191,624	\$ 199,295	\$ 205,604	\$ 220,029	\$ 194,766	\$ 242,227
Reported income taxes	59,461	80,796	91,312	78,953	92,457	94,677	95,276	74,893	74,796	71,254	99,842
Reported income before income taxes	184,058	254,385	274,942	241,373	264,383	286,301	294,571	280,497	294,825	266,020	342,069
Adjustments:											
Restructuring initiatives	7,563	93	(71)	4,678	14,525				2,208	63,829	20,472
Transaction costs related to acquisitions				5,381			1,892	5,640		9,598	3,927
Purchase accounting adjustments related to acquired companies' inventory and backlog				4,305				2,577		14,172	1,202
Gain on insurance recovery							(2,900)		(10,648)		
Change in inventory valuation method							(7,427)				
Adjusted earnings before income taxes	191,621	254,478	274,871	255,737	278,908	286,301	286,136	288,714	286,385	353,619	367,670
Interest expense	16,485	14,371	17,300	18,950	20,514	21,029	34,615	35,237	40,597	32,626	35,489
Interest income	(3,333)	(3,248)	(5,722)	(2,996)	(3,233)	(4,797)	(5,596)	(2,643)	(5,470)	(7,056)	(4,174)
Adjusted earnings before net interest and taxes (Adjusted EBIT)	204,773	265,601	286,449	271,691	296,189	302,533	315,155	321,308	321,512	379,189	398,985
Depreciation and amortization	133,013	132,959	134,243	147,231	135,446	152,218	138,893	154,802	153,094	171,747	194,552
Backlog amortization included in Depreciation and amortization above											(1,202)
Adjusted earnings before net interest, taxes, depreciation and amortization (Adjusted EBITDA)	\$ 337,786	\$ 398,560	\$ 420,692	\$ 418,922	\$ 431,635	\$ 454,751	\$ 454,048	\$ 476,110	\$ 474,606	\$ 550,936	\$ 592,335
Adjusted EBITDA margins (Adjusted EBITDA / Reported Net Sales)	18.3%	19.2%	18.0%	18.0%	17.1%	17.5%	19.6%	20.4%	19.2%	19.9%	20.7%

Reconciliation of Non-GAAP Measures



AptarGroup, Inc.
Reconciliation of Adjusted Earnings Per Diluted Share (Unaudited)
(In Thousands, Except Per Share Data)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Income before Income Taxes	\$ 184,058	\$ 254,385	\$ 274,942	\$ 241,373	\$ 264,383	\$ 286,301	\$ 294,571	\$ 280,497	\$ 294,825	\$ 266,020	\$ 342,069
Adjustments:											
Restructuring initiatives	7,563	93	(71)	4,678	14,525				2,208	63,829	20,472
Transaction costs related to acquisitions				5,381			1,892	5,640		9,598	3,927
Purchase accounting adjustments related to acquired companies' inventory and backlog				4,305				2,577		14,172	1,202
Gain on insurance recovery							(2,900)		(10,648)		
Change in inventory valuation method							(7,427)				
Adjusted Earnings before Income Taxes	\$ 191,621	\$ 254,478	\$ 274,871	\$ 255,737	\$ 278,908	\$ 286,301	\$ 286,136	\$ 288,714	\$ 286,385	\$ 353,619	\$ 367,670
Provision for Income Taxes	\$ 59,461	\$ 80,796	\$ 91,312	\$ 78,953	\$ 92,457	\$ 94,677	\$ 95,276	\$ 74,893	\$ 74,796	\$ 71,254	\$ 99,842
Adjustments:											
Net effect of items included in the Provision for Income Taxes					(6,821)			3,295	(7,900)		
Restructuring initiatives	2,443	28	(26)	1,258	2,930				642	17,936	5,753
Transaction costs related to acquisitions				1,961			640	1,483		1,475	505
Purchase accounting adjustments related to acquired companies' inventory and backlog				1,569				859		3,219	218
Gain on insurance recovery							(1,022)		(3,666)		
Change in inventory valuation method							(2,420)				
Adjusted Provision for Income Taxes	\$ 61,904	\$ 80,824	\$ 91,286	\$ 83,741	\$ 88,566	\$ 94,677	\$ 92,474	\$ 80,530	\$ 63,872	\$ 93,884	\$ 106,318
Net Income Attributable to Noncontrolling Interests	\$ 26	\$ (108)	\$ 53	\$ 192	\$ 68	\$ 34	\$ 53	\$ (14)	\$ 1	\$ (21)	\$ (25)
Net Income Attributable to AptarGroup, Inc.	\$ 124,623	\$ 173,481	\$ 183,683	\$ 162,612	\$ 171,994	\$ 191,658	\$ 199,348	\$ 205,590	\$ 220,030	\$ 194,745	\$ 242,202
Adjustments:											
Net effect of items included in the Provision for Income Taxes					6,821			(8,268)	7,900		
Restructuring initiatives	5,120	65	(45)	3,420	11,595				1,566	45,893	14,719
Transaction costs related to acquisitions				3,420			1,252	4,157		8,123	3,422
Purchase accounting adjustments related to acquired companies' inventory and backlog				2,736				1,718		10,953	984
Gain on insurance recovery							(1,878)		(6,982)		
Change in inventory valuation method							(5,007)				
Adjusted Net Income Attributable to AptarGroup, Inc.	\$ 129,743	\$ 173,546	\$ 183,638	\$ 172,187	\$ 190,410	\$ 191,658	\$ 193,715	\$ 203,197	\$ 222,514	\$ 259,714	\$ 261,327
Average Number of Diluted Shares Outstanding	69,785	69,815	69,274	68,395	68,208	65,009	62,585	64,849	64,596	64,958	66,150
Net Income Attributable to AptarGroup, Inc. Per Diluted Share	\$ 1.79	\$ 2.48	\$ 2.65	\$ 2.38	\$ 2.52	\$ 2.85	\$ 3.09	\$ 3.17	\$ 3.41	\$ 3.00	\$ 3.66
Adjustments:											
Net effect of items included in the Provision for Income Taxes					0.10			(0.13)	0.12		
Restructuring initiatives	0.07			0.05	0.17				0.02	0.71	0.22
Transaction costs related to acquisitions				0.05			0.02	0.06		0.12	0.05
Purchase accounting adjustments related to acquired companies' inventory and backlog				0.04				0.03		0.17	0.02
Gain on insurance recovery							(0.03)		(0.11)		
Change in inventory valuation method							(0.08)				
Adjusted Net Income Attributable to AptarGroup, Inc. Per Diluted Share	\$ 1.86	\$ 2.48	\$ 2.65	\$ 2.52	\$ 2.79	\$ 2.85	\$ 3.00	\$ 3.13	\$ 3.44	\$ 4.00	\$ 3.95

Reconciliation of Non-GAAP Measures

Reconciliation of Adjusted EBIT After Taxes to Net Income (Unaudited) (In Thousands)

	2015	2016	2017	2018	2019
Reported Net Income	199,295	205,604	220,029	194,766	242,227
Reported Income Taxes	95,276	74,893	74,796	71,254	99,842
Reported Income before Income Taxes	294,571	280,497	294,825	266,020	342,069
Adjustments:					
Change in inventory valuation methods (from LIFO to FIFO)	(7,427)	-	-	-	-
Transaction costs related to acquisitions	1,892	5,640	-	9,598	3,927
Purchase accounting adjustments related to acquired companies' inventory	-	2,577	-	14,172	1,202
Gain on insurance recovery	(2,900)	-	(10,648)	-	-
Restructuring initiatives	-	-	2,208	63,829	20,472
Adjusted earnings before income taxes	286,136	288,714	286,385	353,619	367,670
Interest Expense	34,615	35,237	40,597	32,626	35,489
Interest Income	(5,596)	(2,643)	(5,470)	(7,056)	(4,174)
Adjusted earnings before net interest and taxes (Adjusted EBIT)	315,155	321,308	321,512	379,189	398,985
Effective income tax rate (reported income taxes / reported income before taxes)	32.3%	26.7%	25.4%	26.8%	29.2%
Taxes on Adjusted EBIT	101,795	85,789	81,664	101,623	116,504
Adjusted EBIT After Taxes	213,360	235,519	239,848	277,566	282,481

Reconciliation of Non-GAAP Measures

Reconciliation of Capital to Stockholders' Equity (Unaudited) (In Thousands)

	2015	2016	2017	2018	2019
Total AptarGroup Inc Stockholders' Equity	1,149,411	1,173,950	1,311,738	1,422,556	1,571,916
Long-term Obligations	760,848	772,737	1,191,146	1,125,993	1,085,453
Notes Payable	5,083	169,213	4,336	101,293	44,259
Current Maturities of Long-Term Obligations	51,884	4,603	61,833	62,678	65,988
	1,967,226	2,120,503	2,569,053	2,712,520	2,767,616
Less:					
Cash and Equivalents and St Investments	519,717	466,287	712,640	261,823	241,970
Total Capital	1,447,509	1,654,216	1,856,413	2,450,697	2,525,646
Average Capital	1,495,682	1,550,863	1,755,315	2,153,555	2,488,172
Adjusted EBIT After Taxes	213,360	235,519	239,848	277,566	282,481
ROIC (Adjusted EBIT After Taxes/Average Capital)	14%	15%	14%	13%	11%
Capital by Segment					
Beauty + Home	769,797	936,787	1,015,823	994,090	1,005,769
Pharma	392,653	624,066	647,830	1,129,657	1,050,846
Food + Beverage	205,209	206,657	229,012	412,965	412,342
Corporate and Other	79,850	(113,294)	(36,252)	(86,015)	56,689
Total Capital	1,447,509	1,654,216	1,856,413	2,450,697	2,525,646

Reconciliation of Non-GAAP Measures

Reconciliation of Free Cash Flow to Net Cash Provided by Operations (Unaudited) (In Thousands)

	2015	2016	2017	2018	2019
Net Cash Provided by Operations	323,759	325,299	324,729	313,628	514,457
Less:					
Capital Expenditures	149,323	128,986	156,624	211,252	242,276
Free Cash Flow	174,436	196,313	168,105	102,376	272,181

Reconciliation of Non-GAAP Measures

AptarGroup, Inc.
Reconciliation of Free Cash Flow to Net Cash Provided by Operations (Unaudited)
(In Thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net Cash Provided by Operations	\$ 142,653	\$ 143,504	\$ 227,686	\$ 221,140
Less:				
Capital Expenditures	\$ 61,361	\$ 73,032	\$ 122,986	\$ 124,774
Free Cash Flow	\$ 81,292	\$ 70,472	\$ 104,700	\$ 96,366

Supplemental Information

Annual Components of Reported Sales Growth

(rounded to the nearest whole percent)

	2017	Beauty +		Food +	Total
		Home	Pharma	Beverage	AptarGroup
Core Sales Growth		2%	8%	6%	4%
Acquisitions		1%	--	--	1%
Currency Effects ⁽¹⁾		1%	1%	--	1%
Total Reported Sales Growth		4%	9%	6%	6%

	2018	Beauty +		Food +	Total
		Home	Pharma	Beverage	AptarGroup
Core Sales Growth		7%	12%	5%	8%
Acquisitions		1%	4%	4%	2%
Currency Effects ⁽¹⁾		1%	2%	1%	2%
Total Reported Sales Growth		9%	18%	10%	12%

	2019	Beauty +		Food +	Total
		Home	Pharma	Beverage	AptarGroup
Core Sales Growth		(1%)	10%	3%	3%
Acquisitions		0%	9%	7%	4%
Currency Effects ⁽¹⁾		(4%)	(5%)	(2%)	(4%)
Total Reported Sales Growth		(5%)	14%	8%	3%

3 Year Average Percentage	Beauty +		Food +	Total
	Home	Pharma	Beverage	AptarGroup
Core Sales Growth	3%	10%	5%	5%
Acquisitions	1%	4%	4%	2%
Currency Effects ⁽¹⁾	(1%)	--	--	--
Total Reported Sales Growth	3%	14%	8%	7%

Quarterly 2020 Components of Reported Sales Growth

(rounded to the nearest whole percent)

First Quarter Segment Sales Analysis (Change over Prior Year)	Beauty +		Food +	Total
	Home	Pharma	Beverage	AptarGroup
Core Sales Growth	(9%)	7%	(2%)	(2%)
Acquisitions	0%	4%	0%	1%
Currency Effects ⁽¹⁾	(3%)	(2%)	(2%)	(2%)
Total Reported Sales Growth	(12%)	9%	(4%)	(3%)

Second Quarter Segment Sales Analysis (Change over Prior Year)	Beauty +		Food +	Total
	Home	Pharma	Beverage	AptarGroup
Core Sales Growth	(13%)	6%	(15%)	(6%)
Acquisitions	4%	2%	0%	3%
Currency Effects ⁽¹⁾	(3%)	(1%)	(2%)	(3%)
Total Reported Sales Growth	(12%)	7%	(17%)	(6%)

(1) - Currency effects are approximated by translating last year's amounts at this year's foreign exchange rates.