



## Non-GAAP Financial Measures

Within the following tables, the Company reports certain non-GAAP financial measures, including: (1) adjusted net earnings and adjusted diluted EPS (which excludes the impact of the 2017 Tax Cuts and Jobs Act (2017 Tax Legislation)), (2) percentage changes in revenue, operating income, diluted EPS, adjusted diluted EPS, and adjusted EBITDA on a local currency basis (which eliminate the effects that result from translating its international operations into U.S. dollars), (3) adjusted net cash provided by operating activities (which includes cash received on sold receivables) and adjusted free cash flow (which is adjusted net cash provided by operating activities less capital expenditures), and (4) adjusted EBITDA (which excludes non-cash stock based compensation expense).

The Company has included each of these non-GAAP measures in order to provide additional information regarding the underlying operating results and comparable period-over-period performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. These non-GAAP measures should not be considered in isolation. Rather, they should be considered together with GAAP measures and the rest of the information included in this report and the Company's SEC filings. Management internally reviews each of these non-GAAP measures to evaluate performance on a comparative period-to-period basis and to gain additional insight into underlying operating and performance trends, and the Company believes the information can be beneficial to investors for the same purposes. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	% Change	2019	2018	% Change
<b>Net earnings (GAAP)</b>	\$ 31,871	\$ 47,193	(32.5%)	\$ 99,009	\$ 124,510	(20.5%)
Impact of the 2017 Tax Legislation	-	(7,061)		-	(7,061)	
<b>Adjusted net earnings</b>	<b>\$ 31,871</b>	<b>\$ 40,132</b>	(20.6%)	<b>\$ 99,009</b>	<b>\$ 117,449</b>	(15.7%)
<b>Diluted EPS (GAAP)</b>	\$ 0.75	\$ 1.12	(33.0%)	\$ 2.34	\$ 2.92	(19.9%)
Impact of the 2017 Tax Legislation	-	(0.17)		-	(0.17)	
<b>Adjusted diluted EPS</b>	<b>\$ 0.75</b>	<b>\$ 0.95</b>	(21.1%)	<b>\$ 2.34</b>	<b>\$ 2.76</b>	(15.2%)

The following table summarizes the percentage change in the 2019 results compared to the 2018 results for the corresponding periods in the respective financial measures.

	Three Months Ended September 30, 2019			Nine Months Ended September 30, 2019		
	Total	Foreign Exchange Rates	Local Currency	Total	Foreign Exchange Rates	Local Currency
<b>Revenue</b>						
Flavors & Fragrances	(9.1%)	(1.5%)	(7.6%)	(7.0%)	(1.8%)	(5.2%)
Color	(6.0%)	(1.8%)	(4.2%)	(3.9%)	(3.1%)	(0.8%)
Asia Pacific	(3.7%)	1.6%	(5.3%)	(4.8%)	(1.2%)	(3.6%)
<b>Total Revenue</b>	<b>(7.3%)</b>	<b>(1.3%)</b>	<b>(6.0%)</b>	<b>(5.5%)</b>	<b>(2.3%)</b>	<b>(3.2%)</b>
<b>Operating Income</b>						
Flavors & Fragrances	(29.1%)	(0.9%)	(28.2%)	(18.0%)	(0.7%)	(17.3%)
Color	(11.8%)	(2.0%)	(9.8%)	(10.8%)	(3.3%)	(7.5%)
Asia Pacific	(6.0%)	5.3%	(11.3%)	(9.4%)	2.0%	(11.4%)
Corporate & Other	11.5%	0.0%	11.5%	(9.3%)	(0.1%)	(9.2%)
<b>Operating Income</b>	<b>(22.8%)</b>	<b>(0.8%)</b>	<b>(22.0%)</b>	<b>(14.3%)</b>	<b>(2.0%)</b>	<b>(12.3%)</b>
<b>Diluted Earnings Per Share</b>	<b>(33.0%)</b>	<b>(0.9%)</b>	<b>(32.1%)</b>	<b>(19.9%)</b>	<b>(1.7%)</b>	<b>(18.2%)</b>
<b>Adjusted Diluted Earnings Per Share</b>	<b>(21.1%)</b>	<b>(1.1%)</b>	<b>(20.0%)</b>	<b>(15.2%)</b>	<b>(1.8%)</b>	<b>(13.4%)</b>
<b>Adjusted EBITDA</b>	<b>(15.8%)</b>	<b>(0.8%)</b>	<b>(15.0%)</b>	<b>(11.2%)</b>	<b>(1.8%)</b>	<b>(9.4%)</b>

### Adjusted Net Cash Provided by Operating Activities and Adjusted Free Cash Flow Calculation

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payment*. This ASU clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This ASU requires that a transferor's receipt of a beneficial interest in securitized trade receivables be disclosed as an investing transaction. The Company adopted this standard in 2018. Adjusted net cash provided by operating activities includes the cash received on sold receivables and is presented to show the impact of the change in the accounting standard. The Company's calculation of adjusted net cash provided by operating activities and free cash flow may be different from similar calculations used by other companies and, therefore, comparability might be limited.

	Nine Months Ended September 30,		
	2019	2018	% Change
<b>Net cash provided by operating activities (GAAP)</b>	<b>\$ 127,581</b>	<b>\$ 8,860</b>	<b>1340.0%</b>
Cash receipts on sold receivables	-	91,142	
<b>Adjusted net cash provided by operating activities</b>	<b>\$ 127,581</b>	<b>\$ 100,002</b>	<b>27.6%</b>
Capital expenditures	(26,073)	(34,090)	
<b>Adjusted Free Cash Flow</b>	<b>\$ 101,508</b>	<b>\$ 65,912</b>	<b>54.0%</b>

## Adjusted EBITDA Calculation

The Company uses Adjusted EBITDA as a metric to assess operating performance and evaluate performance on a comparative period-to-period basis. Adjusted EBITDA is a non-GAAP measure, and should not be considered an alternative to our Statement of Earnings, Balance Sheet or Statement of Cash Flows as reported in our financial statements pursuant to GAAP as a measure of liquidity or financial condition. The Company's calculation of Adjusted EBITDA may be different from similar calculations used by other companies and, therefore, comparability may be limited. The Company defines Adjusted EBITDA as operating income before depreciation and amortization and non-cash stock-based compensation expense.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	% Change	2019	2018	% Change
<b>Operating income (GAAP)</b>	<b>\$ 38,788</b>	<b>\$ 50,264</b>	<b>(22.8%)</b>	<b>\$ 135,576</b>	<b>\$ 158,126</b>	<b>(14.3%)</b>
Depreciation and amortization	13,965	13,035		41,706	39,057	
Share-based compensation expense (income)	339	(242)		(816)	1,541	
<b>Adjusted EBITDA</b>	<b>\$ 53,092</b>	<b>\$ 63,057</b>	<b>(15.8%)</b>	<b>\$ 176,466</b>	<b>\$ 198,724</b>	<b>(11.2%)</b>