



## Non-GAAP Financial Measures

Within the following tables, the Company reports certain non-GAAP financial measures, including: (1) adjusted operating income, adjusted net earnings, and adjusted diluted EPS (which exclude restructuring, other costs and the impact of the 2017 Tax Cuts and Jobs Act (2017 Tax Legislation)), (2) percentage changes in revenue, operating income, diluted EPS, adjusted operating income, and adjusted diluted EPS on a local currency basis (which eliminate the effects that result from translating its international operations into U.S. dollars), (3) Debt to EBITDA, (4) adjusted net cash provided by operating activities (which includes cash received on sold receivables), and (5) adjusted EBITDA (which excludes non-cash stock based compensation expense). The impact of the 2017 Tax Legislation in 2018 is related to the finalization of the provisional estimates recorded in 2017. The other costs in 2017 are for divestiture related costs. There were no restructuring and other costs for the year of 2018.

The Company has included each of these non-GAAP measures in order to provide additional information regarding our underlying operating results and comparable year-over-year 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 our 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 December 31,			Twelve Months Ended December 31,		
	2018	2017	% Change	2018	2017	% Change
<b>Operating income (GAAP)</b>	\$ 45,252	\$ 47,379	(4.5%)	\$ 203,378	\$ 167,806	21.2%
Restructuring - Cost of products sold	-	(526)		-	2,889	
Restructuring - Selling and administrative	-	3,415		-	33,627	
Other - Selling and administrative <sup>(1)</sup>	-	-		-	11,555	
<b>Adjusted operating income</b>	<b>\$ 45,252</b>	<b>\$ 50,268</b>	(10.0%)	<b>\$ 203,378</b>	<b>\$ 215,877</b>	(5.8%)
<b>Net earnings (GAAP)</b>	\$ 32,850	\$ 13,421	144.8%	\$ 157,360	\$ 89,600	75.6%
Restructuring and other, before tax	-	2,889		-	48,071	
Tax impact of restructuring and other	-	1,822		-	(5,602)	
2017 Tax Legislation	427	18,446		(6,634)	18,446	
<b>Adjusted net earnings</b>	<b>\$ 33,277</b>	<b>\$ 36,578</b>	(9.0%)	<b>\$ 150,726</b>	<b>\$ 150,515</b>	0.1%
<b>Diluted EPS (GAAP)</b>	\$ 0.78	\$ 0.31	151.6%	\$ 3.70	\$ 2.03	82.3%
Restructuring and other, net of tax	-	0.11		-	0.96	
2017 Tax Legislation	0.01	0.42		(0.16)	0.42	
<b>Adjusted diluted EPS</b>	<b>\$ 0.79</b>	<b>\$ 0.84</b>	(6.0%)	<b>\$ 3.55</b>	<b>\$ 3.42</b>	3.8%

Note: Earnings per share calculations may not foot due to rounding differences.

- (1) The other costs in 2017 relate to the now completed sale of a facility and certain related business lines within the Flavors & Fragrances segment in Strasbourg, France.

The following table summarizes the percentage change in the 2018 results compared to the 2017 results for the corresponding periods in the respective financial measures.

	<u>Three Months Ended December 31, 2018</u>			<u>Twelve Months Ended December 31, 2018</u>		
	<u>Total</u>	<u>Foreign Exchange Rates</u>	<u>Local Currency</u>	<u>Total</u>	<u>Foreign Exchange Rates</u>	<u>Local Currency</u>
<b>Revenue</b>						
Flavors & Fragrances	(1.7%)	(1.2%)	(0.5%)	0.0%	1.1%	(1.1%)
Color	0.7%	(3.3%)	4.0%	5.2%	0.4%	4.8%
Asia Pacific	(2.5%)	(2.7%)	0.2%	0.0%	(0.1%)	0.1%
<b>Total Revenue</b>	<b>(1.3%)</b>	<b>(2.1%)</b>	<b>0.8%</b>	<b>1.8%</b>	<b>0.7%</b>	<b>1.1%</b>
<b>Operating Income</b>						
Flavors & Fragrances	(7.4%)	(0.7%)	(6.7%)	(15.7%)	0.0%	(15.7%)
Color	(10.3%)	(3.0%)	(7.3%)	1.4%	1.1%	0.3%
Asia Pacific	(7.0%)	(1.2%)	(5.8%)	0.4%	1.3%	(0.9%)
Corporate & Other	(32.9%)	(0.3%)	(32.6%)	(64.3%)	1.4%	(65.7%)
<b>Operating Income</b>	<b>(4.5%)</b>	<b>(2.0%)</b>	<b>(2.5%)</b>	<b>21.2%</b>	<b>0.2%</b>	<b>21.0%</b>
<b>Diluted EPS</b>	<b>151.6%</b>	<b>(6.5%)</b>	<b>158.1%</b>	<b>82.3%</b>	<b>0.0%</b>	<b>82.3%</b>
<b>Adjusted Operating Income <sup>(1)</sup></b>	<b>(10.0%)</b>	<b>(2.0%)</b>	<b>(8.0%)</b>	<b>(5.8%)</b>	<b>0.7%</b>	<b>(6.5%)</b>
<b>Adjusted Diluted EPS <sup>(1)</sup></b>	<b>(6.0%)</b>	<b>(2.4%)</b>	<b>(3.6%)</b>	<b>3.8%</b>	<b>0.6%</b>	<b>3.2%</b>

(1) Refer to the table above for a reconciliation of these non-GAAP measures.

### Debt to EBITDA Calculation

The Company uses Debt to EBITDA as a metric to assess liquidity and the flexibility of its balance sheet. Our debt covenants are based on Debt to EBITDA. Debt to 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 Debt to EBITDA may be different from similar calculations used by other companies and, therefore, comparability may be limited. The Company defines EBITDA as the trailing 12 month operating income, excluding depreciation and amortization. Debt to EBITDA at December 31, 2018 was as follows:

	<b>December 31, 2018</b>
Total Debt	\$ 709,599
Operating Income	\$ 203,378
Depreciation & Amortization	\$ 53,244
EBITDA	\$ 256,622
Debt to EBITDA	2.8

### Adjusted Net Cash Provided by Operating Activities Calculation

The Financial Accounting Standards Board (FASB) 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, and included \$91.1 million as an adjustment to net cash provided by investing activities for the twelve months ended December 31, 2018. The Company has also adjusted 2017 cash provided by investing activities for the twelve months to include \$141.5 million collected on sold receivables. 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 may be different from similar calculations used by other companies and, therefore, comparability might be limited.

	<b>Twelve Months Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>% Change</b>
Net cash provided by operating activities	\$ 83,520	\$ 36,307	130.0%
Cash receipts on sold receivables	91,142	141,465	
Adjusted net cash provided by operating activities	<u>\$ 174,662</u>	<u>\$ 177,772</u>	(1.7%)

### 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. Adjusted EBITDA for the year ended December 31, 2018 was as follows:

	<b>Twelve Months Ended December 31, 2018</b>	
<b>Operating income (GAAP)</b>	<b>\$</b>	<b>203,378</b>
Depreciation and amortization		53,244
Share-based compensation		503
<b>Adjusted EBITDA</b>	<b>\$</b>	<b><u>257,125</u></b>