Fourth Quarter 2020 Earnings Presentation

February 11, 2021

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Disclaimer: This presentation contains “forward-looking statements” within the meaning of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements generally include the words “will,” “plans,” “intends,” “targets,” “expects,” “outlook,” or similar expressions. Forward-looking statements may include, without limitation, expected financial positions, results of operations and cash flows; financing plans; business strategies and expectations; operating plans; impact of COVID-19; synergies and the potential benefits of the acquisition of Perstorp Holding AB’s Capa® caprolactone business (the “acquisition”); capital and other expenditures; competitive positions; growth opportunities for existing products; benefits from new technology and cost-reduction initiatives, plans and objectives; markets for securities and expected future repurchases of shares, including statements about the manner, amount and timing of repurchases. Actual results could differ materially from the views expressed. Factors that could cause actual results to materially differ from those contained in the forward-looking statements, or that could cause other forward-looking statements to prove incorrect, include, without limitation, adverse effects from the COVID-19 pandemic; risks that the expected benefits from the acquisition may not be realized or will not be realized in the expected time period, the risk that the acquired business will not be integrated successfully and the risk of significant transaction costs and unknown or understated liabilities; adverse effects of general economic and financial conditions; risks related to international sales and operations; impacts of currency exchange rates and currency devaluation; compliance with U.S. and foreign regulations concerning our operations outside the U.S.; changes in trade policy, including the imposition of tariffs; adverse conditions in the global automotive market or adoption of alternative and new technologies; competition from producers of alternative products and new technologies, and new or emerging competitors; competition from infringing intellectual property activity; worldwide air quality standards; a decrease in government infrastructure spending; the impact of adverse conditions in cyclical end markets on demand for engineered polymers products; declining volumes and downward pricing in the printing inks market; the limited supply of or lack of access to sufficient crude tall oil; a prolonged period of low energy prices; the impact of the United Kingdom’s withdrawal from the European Union; the provision of services by third parties at several facilities; supply chain disruptions; natural disasters, such as hurricanes, winter or tropical storms, earthquakes, tornados, floods, fires; other unanticipated problems such as labor difficulties, equipment failure or unscheduled maintenance and repair; attracting and retaining key personnel; protection of intellectual property and proprietary information; information technology security breaches and other disruptions; complications with designing and implementing our new enterprise resource planning system; government policies and regulations, including, but not limited to, those affecting the environment, climate change, tax policies, tariffs and the chemicals industry; and lawsuits arising out of environmental damage or personal injuries associated with chemical or other manufacturing processes and the other factors detailed from time to time in the reports we file with the SEC, including those described under "Risk Factors" in our Annual Report on Form 10-K and other periodic filings. These forward-looking statements speak only as of the date of this presentation. Ingevity assumes no obligation to provide any revisions to, or update, any projections and forward-looking statements contained in this presentation.

Non-GAAP Financial Measures: This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided within the Appendix to this presentation. Investors are urged to consider carefully the comparable GAAP measures and the reconciliations to those measures provided.

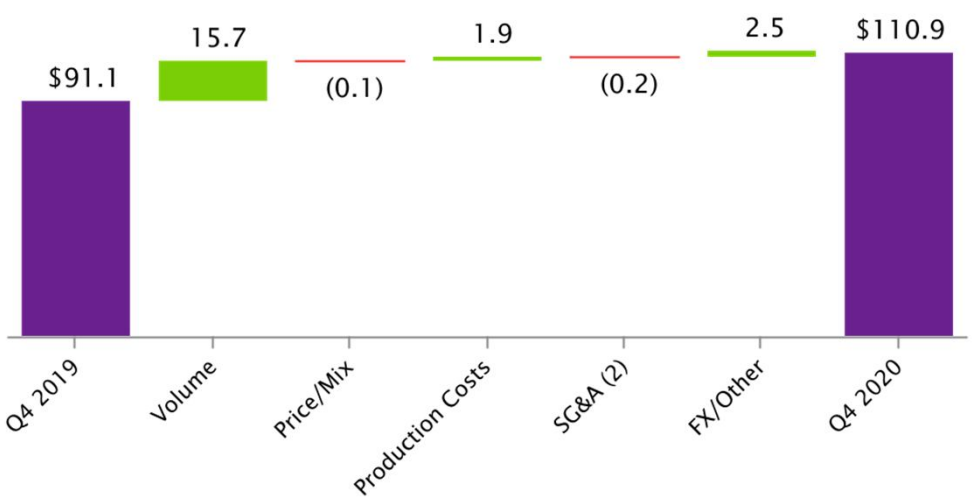
Today's Agenda

1. Fourth Quarter and Full Year Highlights
2. Segment Performance
3. 2020 Achievements and Ingevity 2.0 Strategy
4. Growth Initiatives
5. Financial Review
6. Outlook and Guidance
7. Q&A

Fourth Quarter and Full Year 2020 Results

$ in millions	Q4 2020	▲ % Vs. Prior Year Period	Full Year 2020	▲ % Vs. Prior Year
Net Sales	**325.6**	**7.3%**	**1,216.1**	**(5.9)%**
Adjusted EBITDA(1)	**110.9**	**21.7%**	**397.9**	**0.3%**
Adjusted EBITDA(1) Margin	**34.1%**	**+410bps**	**32.7%**	**+200bps**

Q4 Adjusted EBITDA(1)



Q4 Performance Highlights

- Revenues up 7%
- Despite challenging conditions, strong results driven by:
  - Strong auto production and sales in China and highly favorable shift towards trucks and SUVs in the U.S. and Canada
  - Increased sales for engineered polymers
  - Slight growth in North American paving activity
  - Partially offset by COVID-weakened demand in oilfield and printing inks applications, and international pavement sales
  - Midyear cost reduction actions continue to uphold margins
- Adjusted EBITDA up 22%
- Adjusted EBITDA margin up 410 basis points to 34.1%; all-time fourth quarter record
- Strong free cash flow[1] of $122 million due to improved performance and strong working capital management
- Net debt to adjusted EBITDA ratio of 2.45x; back in target leverage range

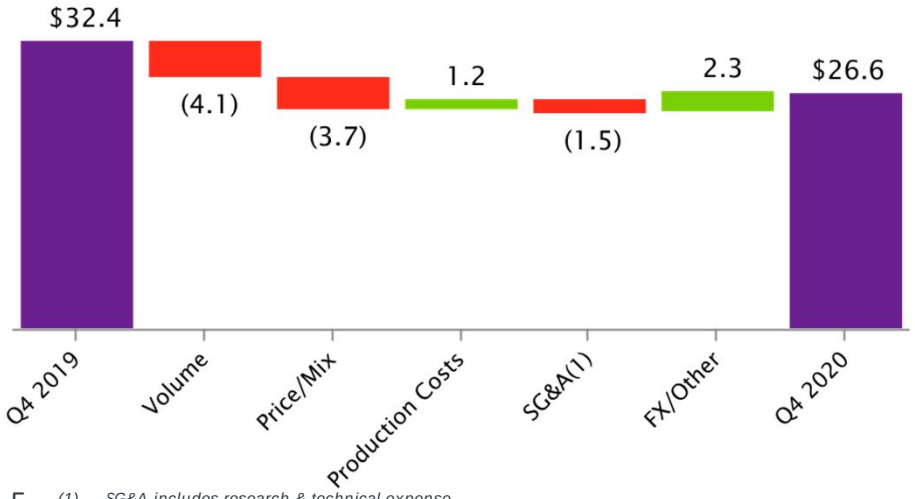
(1) Please see appendices included at the end of this presentation for Ingevity's use of non-GAAP financial measures, definitions of those financial measures as well as the reconciliation to the nearest GAAP financial measure.

(2) SG&A includes research & technical expense.

Performance Chemicals

$ in millions	Q4 2020	▲ % Vs. Prior Year Period	Full Year 2020	▲ % Vs. Prior Year
Net Sales	**164.9**	**(5.9)%**	**706.1**	**(12.0)%**
Engineered Polymers	34.5	10.6%	127.7	4.6%
Pavement Technologies	29.7	(2.3)%	186.8	1.9%
Industrial Specialties	83.5	(5.9)%	316.0	(18.0)%
Oilfield Technologies	17.2	(30.9)%	75.6	(32.1)%
Segment EBITDA	**26.6**	**(17.9)%**	**148.7**	**(19.0)%**
Segment EBITDA Margin	**16.1%**	**-240bps**	**21.1%**	**-180bps**

Q4 Segment EBITDA



Q4 Performance Highlights

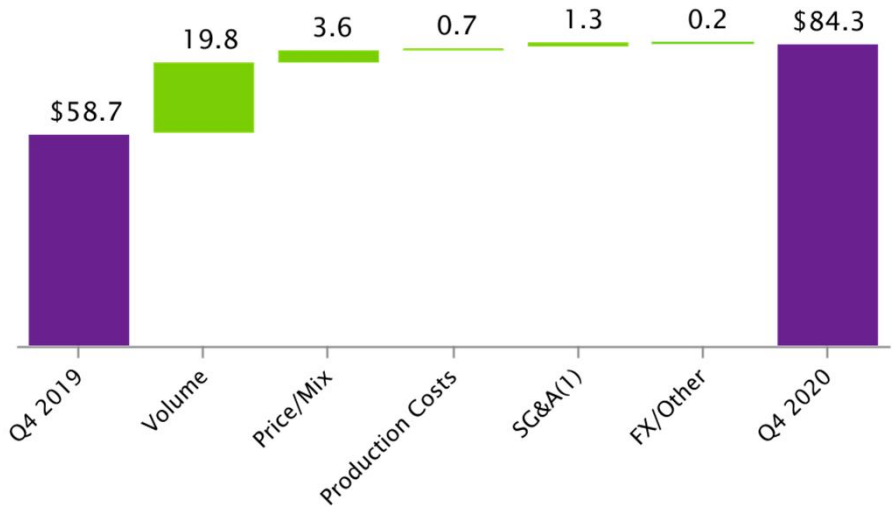
- Revenue of $165 million; down 6%
  - ***Engineered Polymers***: Volumes up due to improved demand in industrial equipment, bioplastics and automotive applications
  - ***Pavement Technologies***: Seasonally slower quarter; sales up slightly in North America, while down modestly in China, Latin America and EMEA
  - ***Industrial Specialties***: Continued demand pressure in printing inks, rubber and sterols; partially offset by increased volumes for rosin products in adhesives and paper chemicals and improved TOFA pricing
  - ***Oilfield Technologies***: Sales stabilized but at historically low levels due to reduced North American drilling activity; business wins in China and Middle East
- Segment EBITDA of $27 million; down 18%
  - Reduced volumes and price/mix partially offset by improved plant throughput and foreign currency exchange benefits

(1) SG&A includes research & technical expense.

Performance Materials

$ in millions	Q4 2020	▲ % Vs. Prior Year Period	Full Year 2020	▲ % Vs. Prior Year
Net Sales	**160.7**	**25.4%**	**510.0**	**4.0%**
Automotive Technologies	153.2	26.8%	477.7	5.0%
Process Purification	7.5	1.4%	32.3	(9.5)%
Segment EBITDA	**84.3**	**43.6%**	**249.2**	**16.8%**
Segment EBITDA Margin	**52.5%**	**+670bps**	**48.9%**	**+540bps**

Q4 Segment EBITDA



Q4 Performance Highlights

- Record revenues of $161 million; up 25% due to rebound in global automotive production
  - Production in North America slightly above prior year; OEMs complete implementation of U.S. EPA Tier 3
    - Record quarterly production and sales of honeycomb scrubbers and activated carbon
    - U.S. vehicle inventories continue at 9-year lows
    - Record U.S. monthly truck and SUV mix at 79% in December
  - Continued strong demand in China
    - Oct./Nov. production up 9.1% and Oct./Nov. sales up 11.4%; December data not available
    - China has posted monthly year-over-year increases since May
    - Zhuhai plant set all-time monthly production record in December
- Record segment EBITDA of $84 million, up 44%
  - Record volumes
  - Strong price/mix improvement
  - Leverage of low variable cost
  - Lower SG&A and legal costs
- Completed kiln replacement at Covington, Va., seven days ahead of schedule; increased capacity at Zhuhai, China, via debottlenecking and equipment upgrades

(1) SG&A includes research & technical expense as well as legal expenses.

2020 Accomplishments

Financial Performance

- Cost reduction initiatives resulted in savings of $35M for the year and $12M on an annualized run-rate basis
- Despite COVID, generated revenues at 92% of initial guidance; adjusted EBITDA at 97% of initial guidance
- Returned adjusted EBITDA fundamentally even to our 2019 performance
- Generated outstanding free cash flow of $270 million
- Secured 8-year $550 million bond at 3.875% interest and extended and amended existing credit facility
- Repurchased $88 million in shares
- Reduced net leverage to 2.45x

Performance Chemicals

- Maintained solid performance in Pavement Technologies
- Drove growth in Engineered Polymers into bioplastics, derivatized products to above 80% of sales
- Completed glassware replacement in Warrington, U.K.

Performance Materials

- Delivered another year of record revenue and earnings in Performance Materials
- Set record for “honeycomb” scrubber production in Waynesboro, Ga.
- Executed kiln replacement in Covington, Va; effectively increased capacity in Zhuhai, China

Strategic Growth & Innovation

- Launched Ingevity 2.0 organic growth strategy
- Advanced adsorbed natural gas program; acquired assets of ANGP, Inc.

Culture & Sustainability

- Bolstered Inclusion and Diversity Task Force programs
- Published reports on net positive GHG benefits of Nuchar® and Evotherm®
- Retained EcoVadis Silver rating
- Increased DJSI rating to 70th percentile

Ingevity 2.0 Strategy: Maximize Value

Grow The Enterprise

- **Identify and enter high-margin carbon markets as alternatives to automotive**
  - Renewable natural gas / methane capture
  - Human health
- **Find alternative feedstocks for new markets and as substitutes for CTO-derived chemistries**
  - Maximize plant/asset utilization
  - Reduce reliance on crude tall oil (CTO)
  - Enter new/adjacent markets (eg. Biofuels)
- **Expand rosin-based applications**
- **Grow Engineered Polymers**
  - Expand position in biodegradables
- **Leverage sustainable nature of products**
- **Expand international sales and maximize global presence**

Drive Business Excellence

- **Increase efficiency and customer experience through**
  - Digital transformation
  - Supply chain initiatives
- **Optimize capital allocation between investment and return of shareholder capital**
- **Maintain favorable working capital management**

Ingevity 2.0 Growth Initiatives

Biomethane / Renewable Gas

Market Opportunity: Renewable energy mandates coupled with reduced emissions drive demand for bio-derived methane capture and transport

Ingevity role

- Adsorbed natural gas for automotive (alternative fuels)
- Bulk gas purification, storage and transport using carbon capture (virtual pipeline)
- Expertise in gas-phase filtration service and technology

Alternative Feedstocks

Market Opportunity: Expand our market focus and product portfolio by broadening the raw material feedstocks beyond legacy CTO

Ingevity role

- Optimize our manufacturing facilities by refining alternate feedstocks
- Leverage fatty acid material streams (tallow, soy) to participate in adjacent end markets

Human Health

Market Opportunity: Infection prevention and disease control drive applications and technology development for surface chemistry

Ingevity role

- Added surface functionality for carbon technologies
- Antimicrobial and antiviral polymer and crystal technology synergies (COVID-19)
- Medical applications in timed-release drug delivery

Biofuels

Market Opportunity: Transition from fossil fuels to renewable and sustainable fuels that support global decarbonization

Ingevity role

- New feedstocks for renewable diesel and expanded applications for CTO chemistry
- Refining know-how to upgrade low-carbon intensity feedstocks as suitable fuel precursors

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Fourth Quarter 2020 Financial Summary

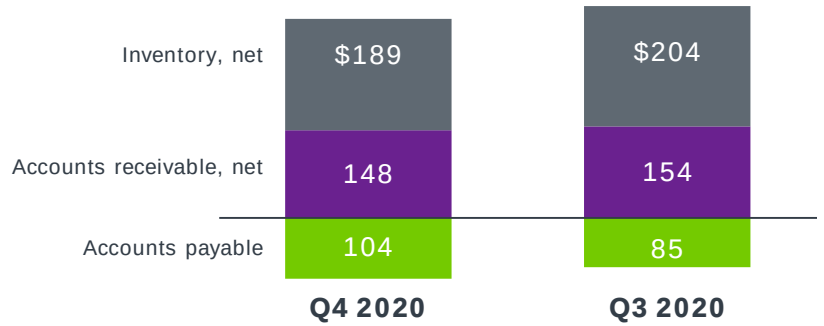
Capital Structure

$ in millions

	Current Pricing	Amount
$500m Revolver	L+150	$0.0
Term Loan	L+150	351.6
$166mm Interest Rate Swap (1)	*1.97%*	
Senior Notes	3.875% & 4.5%	850.0
Finance Leases & Other (2)	~8%	104.9
Total Debt		$1,306.5
Less: Cash Balance (3)		(258.1)
Less: Restricted Investment		(73.6)
Total Net Debt (4)		$974.8
Net Debt Ratio (4)		**2.45x**

Working Capital Management

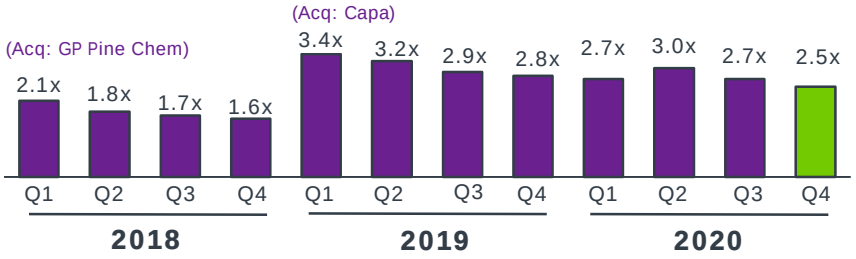
$ in millions



	Q4 2020	Q3 2020
Trade Working Capital (5)	**$233**	**$273**
% of LTM Net Sales	*19%*	*23%*

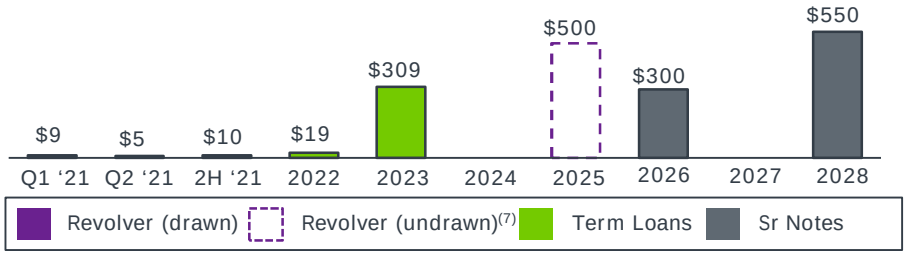
Historical Net Debt Ratio (4)

Targeted Net Debt ratio = 2.0 – 2.5x



Debt Maturity Schedule as of Dec. 31 (6)

$ in millions



(1) *$166m interest rate swap through 2023*
(2) *Finance leases related to the Industrial Development Bond that is part of the financing for our Wickliffe, Kentucky facility of $80.0 million and our HQ lease of $23.1 million; other relates to other short term borrowings less deferred financing fees*
(3) *Includes $0.4 million of Restricted Cash related to our New Market Tax Credit arrangement.*
(4) *See appendix for Non GAAP reconciliation.*
(5) *Trade Working Capital is defined as Inventory + Accounts Receivable – Accounts Payable*
(6) *Excludes ~$2m of other debt, $80m Finance Lease (due 2027), and $23.1m related to our HQ lease (15 year term) for simplicity*
(7) *As of December 31, 2020, $497.7 million was undrawn, reflecting $2.3 million of outstanding letters of credit.*

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2021 Guidance and Outlook
($M)

Item	FY 2021 Guidance
Revenue	$1,250 - $1,300
Adjusted EBITDA(1)	$400 - $420
Capital expenditures	$100 – 120
Free Cash Flow(1)	≥ $200
Net Debt Ratio(1)	2.0x – 2.5x

Outlook Assumptions

Uncertainty around:

- Continued impacts of COVID-19
- Potential impacts of tightness across transportation modes worldwide

Performance Chemicals

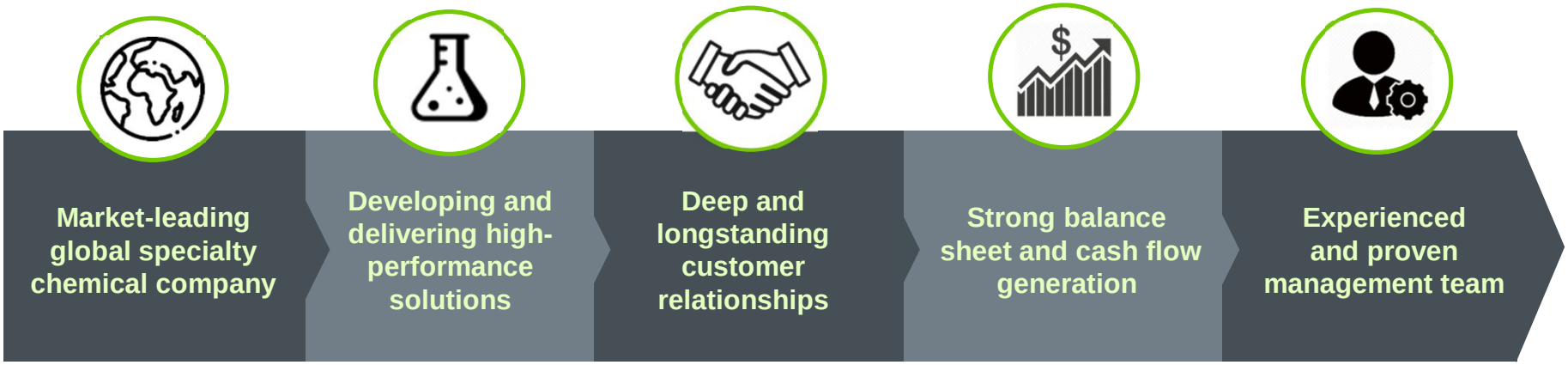
- Improved merchant rosin conditions slightly offset by weakness in inks and paper chemicals
- Growth in agricultural chemical dispersants
- Strong project pipeline and technology adoption for pavement sales growth
- Increased demand for engineered polymers, specifically thermoplastics
- Continued weak demand in oilfield

Performance Materials

- Double-digit revenue growth despite absence of any significant regulatory standards
- Continued low vehicle inventories and global chip supply issues in 1H
- Continued shift toward trucks and SUVs
- Expected litigation spending between $10M - $15M

(1) *Please see appendices included at the end of this presentation for Ingevity's use of non-GAAP financial measures, definitions of those financial measures as well as the reconciliation to the nearest GAAP financial measure.*

Well Positioned for Value Creation



- Well-positioned to capitalize on:
  - Increasingly rigorous regulatory landscape
  - Emissions standards
  - Technology adoption
  - Infrastructure spending
- Brings extensive technical and market expertise
- Diversified product portfolio including significant intellectual property and patents
- Relentless focus on developing, manufacturing, and bringing to market products and processes that help solve complex problems
- Support balanced capital deployment between investments in organic growth and opportunistic acquisitions, supported by prudent shareholder returns to drive sustained value
- Deep talent bench with the right skills to continue to execute strategic plan

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For More Information

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Thank you for your interest in Ingevity!

Appendix

Fourth Quarter 2020 Financial Results

$ in millions except EPS	Q4 2020	Q4 2019	vs PY Δ%	FY 2020	FY 2019	vs PY Δ%
Consolidated Income Statement:						
Net sales	**$325.6**	**$303.4**	**7.3%**	**$1,216.1**	**$1,292.9**	**(5.9)%**
Gross Profit	$127.4	$111.0	**14.8%**	$465.5	$482.0	**(3.4)%**
% Margin	39.1%	36.6%	***+250 bps***	38.3%	37.3%	***+100 bps***
Core SG&A(1)	$33.6	$32.7	**2.8%**	$117.6	$136.0	**(13.5)%**
Acquisition Amortization	7.9	8.1	**(2.5)%**	31.8	27.1	**17.3%**
Total Selling, General & Admin Expense	$41.5	$40.8	**1.7%**	$149.4	$163.1	**(8.4)%**
% of Net Sales - Total SG&A	*12.7%*	*13.4%*	***-70 bps***	*12.3%*	*12.6%*	***-30 bps***
% of Net Sales - Core SG&A(1)	*10.3%*	*10.8%*	***-50 bps***	*9.7%*	*10.5%*	***-80 bps***
Adjusted EBITDA(1)	$110.9	$91.1	**21.7%**	$397.9	$396.9	**0.3%**
% Margin(1)	***34.1%***	***30.0%***	***+410 bps***	***32.7%***	***30.7%***	***+200 bps***
Interest expense, net	$12.4	$10.6	**17.0%**	$42.2	$46.9	**(10.0)%**
Income taxes on Adjusted Earnings(1)	$16.7	$10.4	**60.6%**	$52.9	$56.9	**(7.0)%**
Adjusted earnings (loss)(1)	$55.1	$46.5	**18.5%**	$202.6	$208.1	**(2.6)%**
Diluted Adjusted EPS(1)	$1.33	$1.10	**20.9%**	$4.88	$4.93	**(1.0)%**
Consolidated Cash Flow Items:						
Cash Flow from Operations	$153.3	$85.5		$352.4	$275.7	
Less: Capital Expenditures	31.1	35.0		82.1	114.8	
Free Cash Flow(1)	***$122.2***	***$50.5***	***142.0%***	***$270.3***	***$160.9***	***68.0%***

(1) Please see appendices included at the end of this presentation for Ingevity's use of non-GAAP financial measures, definitions of those financial measures as well as the reconciliation to the nearest GAAP financial measure.

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Non-GAAP Financial Measures

Ingevity has presented certain financial measures, defined below, which have not been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and has provided a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP. These financial measures are not meant to be considered in isolation or as a substitute for the most directly comparable financial measure calculated in accordance with GAAP. The company believes these non-GAAP measures provide investors, potential investors, securities analysts and others with useful information to evaluate the performance of the business, because such measures, when viewed together with our financial results computed in accordance with GAAP, provide a more complete understanding of the factors and trends affecting our historical financial performance and projected future results.

Ingevity uses the following non-GAAP measures:

Adjusted earnings (loss) is defined as net income (loss) plus restructuring and other (income) charges, net, acquisition and other-related costs, pension and postretirement settlement and curtailment (income) charges and the income tax expense (benefit) on those items, less the provision (benefit) from certain discrete tax items.

Diluted adjusted earnings (loss) per share is defined as diluted earnings (loss) per common share plus restructuring and other (income) charges, net per share, acquisition and other-related costs per share, pension and postretirement settlement and curtailment (income) charges per share and the income tax expense (benefit) per share on those items, less the per share tax provision (benefit) from certain discrete tax items per share.

Adjusted EBITDA is defined as net income (loss) plus provision (benefit) for income taxes, interest expense, depreciation and amortization, restructuring and other (income) charges, net, acquisition and other-related costs, and pension and postretirement settlement and curtailment (income) charges.

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Net sales.

Income Taxes on Adjusted Earnings is defined as provision for income taxes plus the tax expense (benefit) on restructuring and other (income) charges, net, acquisition and other-related costs, pension and postretirement settlement and curtailment (income) charges, less the provision (benefit) from certain discrete tax items.

Adjusted Tax Rate is defined as Provision for Income Taxes on Adjusted Earnings divided by Adjusted Earnings (loss).

Core SG&A is defined as selling, general, and administrative costs less intangible amortization expense related to acquisitions.

Core SG&A as a Percent of Sales is defined as Core SG&A divided by Net sales.

Net Debt is defined as the sum of short-term debt, current maturities of long-term debt and long-term debt less the sum of cash and cash equivalents and restricted investment.

Net Debt Ratio is defined as Net Debt divided by last twelve months Adjusted EBITDA, inclusive of acquisition-related pro forma adjustments.

Free Cash Flow is defined as the sum of cash provided by (used in) the following items: operating activities less capital expenditures.

Ingevity also uses the above financial measures as the primary measures of profitability used by managers of the business. In addition, Ingevity believes Adjusted EBITDA and Adjusted EBITDA Margin are useful measures because they exclude the effects of financing and investment activities as well as non-operating activities. None of the above non-GAAP financial measures are intended to replace the presentation of financial results in accordance with GAAP and investors should consider the limitations associated with these non-GAAP measures, including the potential lack of comparability of these measures from one company to another. Reconciliations of these non-GAAP financial measures are set forth within the following pages.

A reconciliation of net income to adjusted EBITDA as projected for 2020 is not provided. Ingevity does not forecast net income as it cannot, without unreasonable effort, estimate or predict with certainty various components of net income. These components, net of tax, include further restructuring and other income (charges), net; additional acquisition and other related costs in connection with the acquisition of Perstorp Holding AB's Capa caprolactone business; additional pension and postretirement settlement and curtailment (income) charges; and revisions due to future guidance and assessment of U.S. tax reform. Additionally, discrete tax items could drive variability in our projected effective tax rate. All of these components could significantly impact such financial measures. Further, in the future, other items with similar characteristics to those currently included in adjusted EBITDA, that have a similar impact on comparability of periods, and which are not known at this time, may exist and impact adjusted EBITDA. A reconciliation of our GAAP effective tax rate to adjusted tax rate as projected for 2020 is not provided due to the same reasons as listed under the net income to adjusted EBITDA as projected for 2020 detailed above. A reconciliation of our total debt to net income ratio to our net debt ratio as project for 2020 is not provided as we do not forecast net income as noted above.

Reconciliation of Net Income (Loss) (GAAP) to Adjusted Earnings (Loss) (Non-GAAP)

In millions, except per data (unaudited)	Three Months Ended December, 31		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Net income (loss) (GAAP)	$ 50.8	$ 44.3	$ 186.2	$ 183.7
Restructuring and other (income) charges [1]	5.2	(0.2)	18.5	1.8
Acquisition and other related costs [2]	0.1	2.0	1.8	35.3
Pension and postretirement settlement and curtailment charges (income)[4]	0.1	—	0.1	—
Tax effect on items above	(1.0)	(0.4)	(4.4)	(6.8)
Certain discrete tax provision (benefit) [3]	(0.1)	0.8	0.4	(5.9)
Adjusted earnings (loss) (Non-GAAP)	$ 55.1	$ 46.5	$ 202.6	$ 208.1
Diluted earnings (loss) per common share (GAAP)	$ 1.23	$ 1.05	$ 4.48	$ 4.35
Restructuring and other (income) charges	0.12	(0.01)	0.45	0.04
Acquisition and other related costs	—	0.05	0.04	0.84
Pension and postretirement settlement and curtailment charges (income)	—	—	—	—
Tax effect on items above	(0.02)	(0.01)	(0.10)	(0.16)
Certain discrete tax provision (benefit)	—	0.02	0.01	(0.14)
Diluted adjusted earnings (loss) per share (Non-GAAP)	$ 1.33	$ 1.10	$ 4.88	$ 4.93
Weighted average common shares outstanding - Diluted	41.4	42.2	41.5	42.2

(1) Income (charges) for all periods presented relate to restructuring activity and costs associated with the business transformation initiative. For the three and twelve months ended December 31, 2020, charges of $2.0 million and $7.4 million relate to the Performance Material segment, respectively, and charges of $3.2 million and $11.1 million relate the Performance Chemicals segment. For the three and twelve months ended December 31, 2019, all charges relate to the Performance Chemicals segment.

(2) Charges primarily relate to legal and professional fees, inventory step-up amortization, and a purchase price hedge incurred, associated with acquisitions in the Performance Chemicals segment.

In millions	Three Months Ended December, 31		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Legal and professional service fees	$ 0.1	$ 2.0	$ 1.8	$ 14.2
Caprolactone Acquisition purchase price hedge adjustment	—	—	—	12.7
Acquisition-related costs	$ 0.1	$ 2.0	$ 1.8	$ 26.9
Inventory fair value step-up amortization [i]	—	—	—	8.4
Acquisition and other related costs	$ 0.1	$ 2.0	$ 1.8	$ 35.3

(i) Included within "Cost of sales" on the condensed consolidated statement of operations.

(3) Represents certain discrete tax items such as excess tax benefits on stock compensation and impacts of changes associated with U.S. Tax Reform. Management believes excluding these discrete tax items assists investors, potential investors, securities analysts, and others in understanding the tax provision and the effective tax rate related to continuing operating results thereby providing useful supplemental information about operational performance.

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Reconciliation of Net Income (GAAP) to Adjusted EBITDA (Non-GAAP)

In millions (unaudited)	Three Months Ended December, 31 2020	Three Months Ended December, 31 2019	Twelve Months Ended December 31, 2020	Twelve Months Ended December 31, 2019
Net income (loss) (GAAP)	$ 50.8	$ 44.3	$ 186.2	$ 183.7
Provision (benefit) for income taxes	15.6	10.8	48.9	44.2
Interest expense, net	12.4	10.6	42.2	46.9
Depreciation and amortization	26.7	23.6	100.2	85.0
Restructuring and other (income) charges, net	5.2	(0.2)	18.5	1.8
Acquisition and other related costs	0.1	2.0	1.8	35.3
Pension and postretirement settlement and curtailment charges (income)	0.1	—	0.1	—
Adjusted EBITDA (Non-GAAP)	$ 110.9	$ 91.1	$ 397.9	$ 396.9
Net sales	$ 325.6	$ 303.4	$ 1,216.1	$ 1,292.9
Net income (loss) margin	15.6 %	14.6 %	15.3 %	14.2 %
Adjusted EBITDA margin	34.1 %	30.0 %	32.7 %	30.7 %

Reconciliation of Provision for Income Taxes (GAAP) to Provision for Income Taxes on Adjusted Earnings (Non-GAAP)

In millions (unaudited)	Three Months Ended December, 31 2020	Three Months Ended December, 31 2019	Twelve Months Ended December 31, 2020	Twelve Months Ended December 31, 2019
Adjusted EBITDA (Non-GAAP)	$ 110.9	$ 91.1	$ 397.9	$ 396.9
Depreciation and amortization	26.7	23.6	100.2	85.0
Interest expense, net	12.4	10.6	42.2	46.9
Adjusted income before taxes (Non-GAAP)	$ 71.8	$ 56.9	$ 255.5	$ 265.0
Provision (benefit) for income taxes (GAAP)	$ 15.6	$ 10.8	$ 48.9	$ 44.2
Tax effect on certain items	(1.0)	(0.4)	(4.4)	(6.8)
Discrete tax provision (benefit)	(0.1)	0.8	0.4	(5.9)
Provision for Income Taxes on Adjusted Earnings (Non-GAAP)	$ 16.7	$ 10.4	$ 52.9	$ 56.9
Tax Rate (GAAP)	23.5 %	19.6 %	20.8 %	19.4 %
Adjusted Tax Rate (Non-GAAP)	23.3 %	18.3 %	20.7 %	21.5 %

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Calculation of Total Debt to Net Income (Loss) Ratio (GAAP) to Net Debt to Adjusted EBITDA Ratio (Non-GAAP)

In millions, except ratios (unaudited)	December 31, 2020
Notes payable and current maturities of long-term debt	$ 26.0
Long-term debt including finance lease obligations	1,267.4
Debt issuance costs	13.1
Total Debt	1,306.5
Less:	
Cash and cash equivalents (1)	258.1
Restricted investment	73.6
Net Debt	$ 974.8
Total Debt to Net income (loss) Ratio (GAAP)	
Net income (loss) - last twelve months (LTM) as of December 31, 2020	$ 186.2
Total debt to Net income (loss) ratio (GAAP)	7.02x
Net Debt Ratio (Non GAAP)	
Adjusted EBITDA - LTM as of December 31, 2020	$ 397.9
Net debt ratio (Non GAAP)	2.45x

(1) Includes $0.4 million of Restricted Cash related to our New Markets Tax Credit arrangement.

Calculation of Historical Net Debt Ratio (Non-GAAP)

	2016			2017				2018			
In millions, except ratios (unaudited)	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net Debt[1]	$ 445.2	$ 424.0	$ 391.7	$ 405.1	$ 370.2	$ 314.0	$ 295.8	$ 628.7	$ 600.2	$ 627.5	$ 610.2
Adjusted EBITDA[2]	58.4	59.6	36.0	50.2	67.2	72.7	52.6	67.1	89.4	90.7	73.3
Pine Chemical Pro Forma[3]	—	—	—	6.0	5.6	7.5	7.8	4.8	—	—	—
Caprolactone Pro Forma [3]	—	—	—	—	—	—	—	15.1	14.5	16.7	14.8
Pro Forma Adjusted EBITDA	58.4	59.6	36.0	56.2	72.8	80.2	60.4	87.0	103.9	107.4	88.1
LTM Pro Forma Adjusted EBITDA	—	—	—	210.2	224.6	245.2	269.6	300.4	331.5	358.7	386.4
Net Debt Ratio	—	—	—	1.9x	1.6x	1.3x	1.1x	2.1x	1.8x	1.7x	1.6x

	2019				2020		
In millions, except ratios (unaudited)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net Debt[1]	$ 1,319.2	$ 1,267.7	$ 1,175.9	$ 1,121.0	$ 1,113.3	$ 1,078.5	$ 1,032.0
Adjusted EBITDA[2]	83.5	108.3	114.0	91.1	92.2	67.2	127.6
Pine Chemical Pro Forma[3]	—	—	—	—	—	—	—
Caprolactone Pro Forma [3]	5.5	—	—	—	—	—	—
Pro Forma Adjusted EBITDA	89.0	108.3	114.0	91.1	92.2	67.2	127.6
LTM Pro Forma Adjusted EBITDA	388.4	392.8	399.4	402.4	405.6	364.5	378.1
Net Debt Ratio	3.4x	3.2x	2.9x	2.8x	2.7x	3.0x	2.7x

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(1) Represents total debt including capital lease obligation, excluding deferred financing fees, less cash and cash equivalents less restricted investment for each period included above. See the Company's Form 10-Q for each period for more information. This does not include any pro forma adjustment for acquisition related debt.

(2) Represents net income (loss) plus provision for income taxes, interest expense, depreciation and amortization, restructuring and other (income) charges, acquisition and other related costs, and pension and postretirement settlement and curtailment (income) charges for each period included above. See the Company's Form 10-Q for each period for more information.

(3) Pro forma amounts include historical results of the Pine Chemical Business and Caprolactone Business, prior to the acquisition dates of March 8, 2018 and February 13, 2019, respectively. These amounts also include adjustments as if the acquisitions had occurred on January 1st of the year preceding the acquisition date. The pro forma amounts do not include adjustments for expenses related to integration activities, cost savings, or synergies that have been or may have been realized had we acquired the businesses on January 1st of the year preceding the acquisition date. Details associated with the pro forma results for both acquisitions are included within the Management Discussion and Analysis section of the Company's Form 10-Q for each respective period.

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Reconciliation of Selling, General and Admin (SG&A) (GAAP) to Core SG&A (Non-GAAP)

In millions (unaudited)	Three Months Ended December, 31		Twelve Months Ended December 31,	
	2020	2019	2020	2019
SG&A (GAAP)	$ 41.5	$ 40.8	$ 149.4	$ 163.1
Intangible amortization related to acquisitions	7.9	8.1	31.8	27.1
Core SG&A (Non-GAAP)	$ 33.6	$ 32.7	$ 117.6	$ 136.0
Net sales	$ 325.6	$ 303.4	$ 1,216.1	$ 1,292.9
SG&A as a percent of Net sales	12.7 %	13.4 %	12.3 %	12.6 %
Core SG&A as a percent of sales	10.3 %	10.8 %	9.7 %	10.5 %