



Engineered for Performance



Third Quarter 2018 Earnings Review

November 1, 2018

Forward-Looking Statements



Statements in this press release that express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements under the Private Securities Litigation Reform Act of 1995. They involve a number of risks and uncertainties that may cause actual events and results to differ materially from such forward-looking statements. These risks and uncertainties include, but are not limited to: general economic conditions in the markets served by our businesses, some of which are cyclical and experience periodic downturns; prices and availability of raw materials; the impact of fluctuations in relevant foreign currency exchange rates; unanticipated delays or problems in introducing new products; the incurrence of contractual penalties for the late delivery of long lead-time products; announcements by competitors of new products, services or technological innovations; changes in our pricing policies or the pricing policies of our competitors; and the amount of any payments required to satisfy contingent liabilities related to discontinued operations of our predecessors, including liabilities for certain products, environmental matters, employee benefit obligations and other matters. Our filings with the Securities and Exchange Commission, including the Form 10-K for the year ended December 31, 2017, describe these and other risks and uncertainties in more detail. We do not undertake to update any forward-looking statement made in this presentation or during the course of the conference call to reflect any change in management's expectations or any change in the assumptions or circumstances on which such statements are based.

We own a number of direct and indirect subsidiaries and, from time to time, we may refer collectively to EnPro and one or more of our subsidiaries as “we” or to the businesses, assets, debts or affairs of EnPro or a subsidiary as “ours.” These and similar references are for convenience only and should not be construed to change the fact that EnPro and each subsidiary is an independent entity with separate management, operations, obligations and affairs.

This presentation also contains certain non-GAAP financial measures as defined by the Securities and Exchange Commission. A reconciliation of these measures to the most directly comparable GAAP equivalents is included as an appendix to this presentation. We will also be referencing certain pro forma unaudited condensed consolidated financials. Please refer to our earnings release for important information regarding how pro forma and other financial information is derived.

Agenda



- Summary Highlights
- Operating Results
- Capital Allocation
- Net Debt & Liquidity
- 2018 Guidance

Summary Highlights

Key Developments



- All segments generated year-over-year sales and profitability growth
- Sealing Products
 - Favorable conditions in semiconductor, food & pharma, aerospace, heavy-duty tractor and trailer builds, and metals & mining
 - Softness in the U.S. oil & gas pipeline construction market
 - Wind-down of IGT facility
 - Improvements in our heavy-duty truck brakes business
- Engineered Products
 - Continued momentum with another quarter of year-over-year sales and profitability growth
 - Strong demand in general industrial and downstream oil & gas markets
- Power Systems
 - Increased engine revenue for programs with the US Navy and robust aftermarket parts and services demand

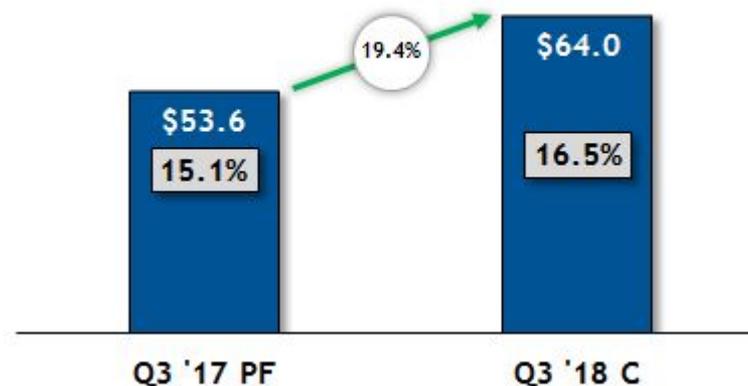
Sales

\$ in millions



Adjusted EBITDA & Margin

\$ in millions



Overview of Financial Results

Milt Childress

Executive Vice President & CFO

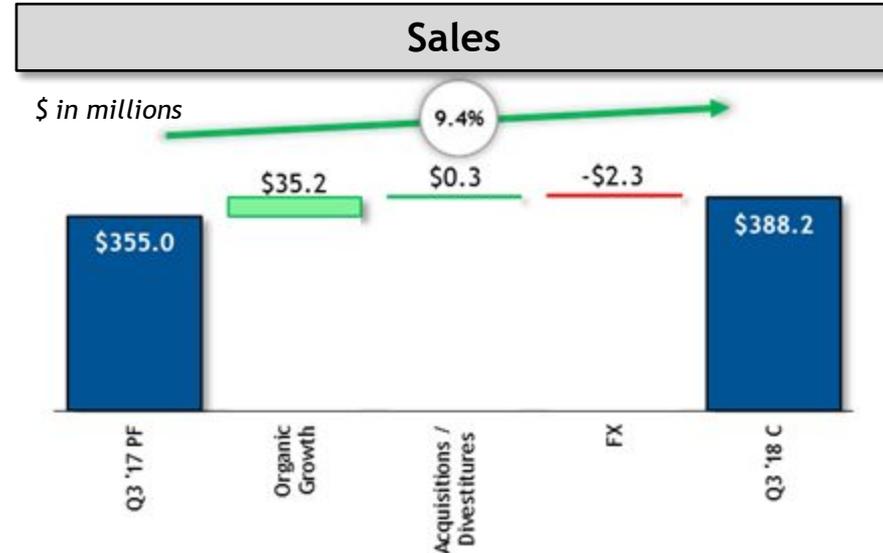
Operating Results

Sales & Gross Margin



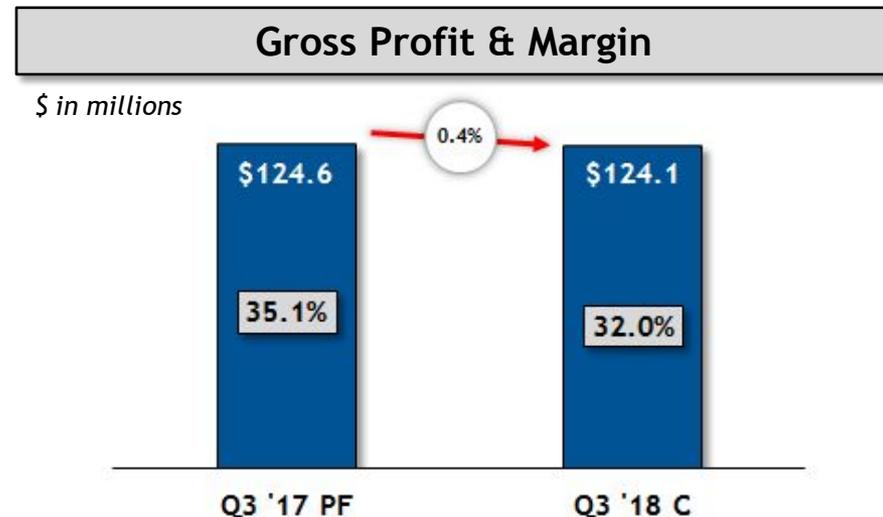
Sales

- Third quarter sales of \$388.2M were up 9.4% over the same period of 2017
- Volume increases in all three segments



Gross Profit & Margin

- Third quarter gross profit was down 0.4% compared to the same period of 2017
- Gross profit margin decrease of 3.1 percentage points compared to the second quarter of 2017
 - IT reclassification from SG&A to COGS
 - Material price increases in trucking
 - Product mix



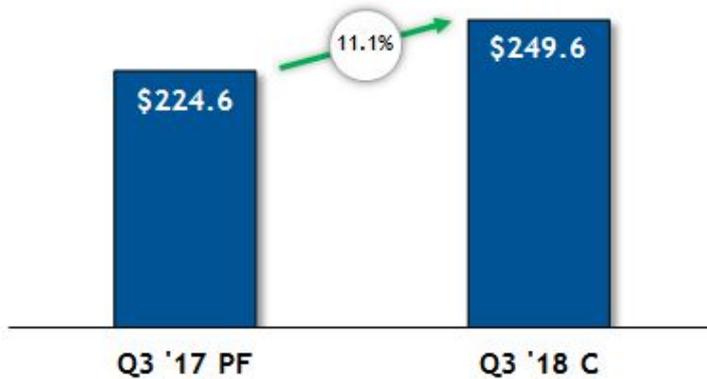
Note: The third quarter of 2018 was the fourth full quarter in which consolidated results reflect all of EnPro's entities. As such, consolidated results for the third quarter of 2018 are being compared herein to the pro forma results for the third quarter of 2017. Please refer to reconciliation tables included in our third quarter press release dated October 31, 2018 for further detail.

Operating Results Sealing Products



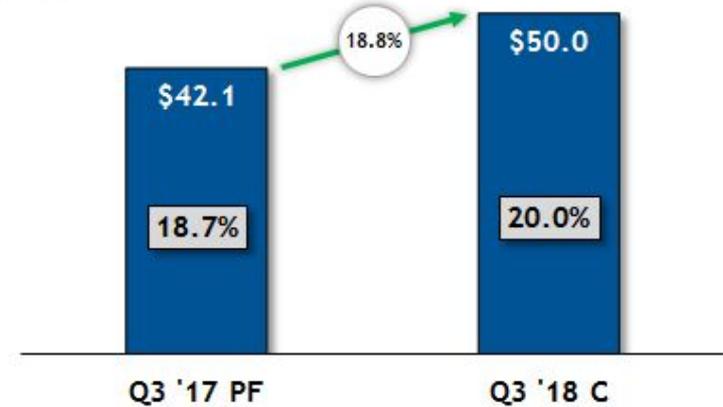
Sales

\$ in millions



Segment Adjusted EBITDA & Margin

\$ in millions



● Market conditions

- Strength in semiconductor, aerospace, food & pharma, heavy-duty tractor & trailer builds, and metals & mining
- Softness in the U.S. oil & gas pipeline construction market
- Excluding impact of acquisitions, divestitures, and FX translation, sales were up 11.6%

● Key developments

- Increase driven by higher sales volumes and a \$4.0 million net credit related to a legal matter in the heavy-duty truck business
- Offset by tariff-related cost increases in the heavy-duty truck business

Garlock

Technetics
GROUP

STEMCO
A Higher Standard of Performance.™

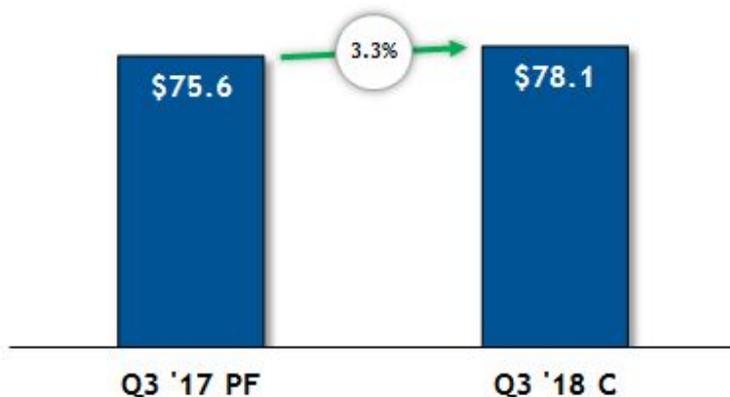
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Operating Results Engineered Products



Sales

\$ in millions

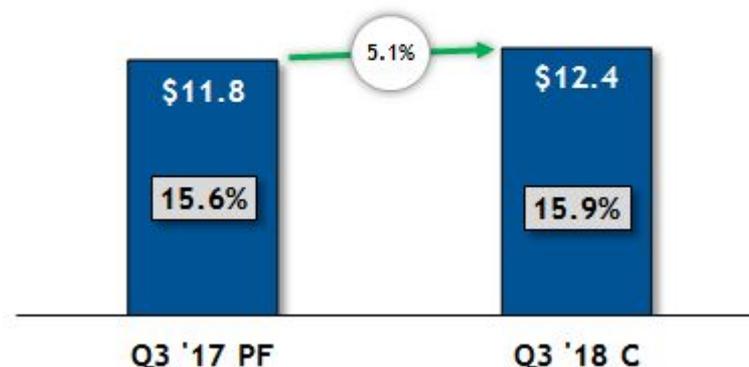


● Market conditions

- Favorable conditions in general industrial and downstream oil & gas, partially offset by year-over-year decline in automotive
- Excluding impact of FX translation, consolidated sales were up 4.7%

Adjusted EBITDA & Margin

\$ in millions



● Key developments

- Increase driven by higher volumes
- Excluding impact of FX translation, segment adjusted EBITDA up 5.8%



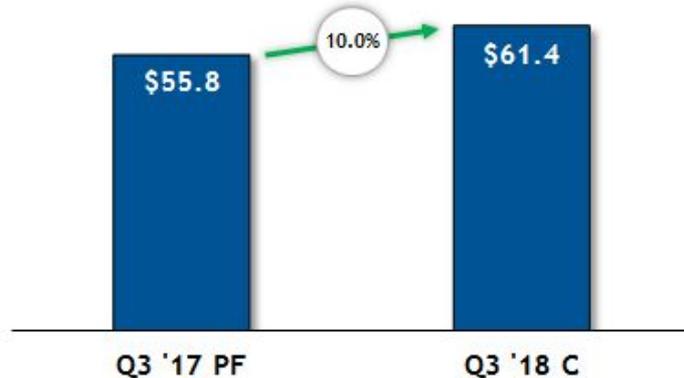
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Operating Results Power Systems



Sales

\$ in millions



- Market conditions

- Strong engine sales in the military marine segment and higher aftermarket parts and service revenue
- Making progress on EDF contract

Segment Adjusted EBITDA & Margin

\$ in millions



- Key developments

- Excluding the impact of foreign exchange on the EDF contract in both 2017 and 2018, segment adjusted EBITDA increased 42.6% in the third quarter versus the prior-year period



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Operating Results

Adjusted Earnings Per Share



Adjusted Earnings Per Share

- Adjusted EPS in Q3 2018 was \$1.36/share, up 63.9% compared to the third quarter of the prior year

(\$ and shares in millions, except per share data)	Pro Forma	Consolidated
	Q3 2017	Q3 2018
Adjusted EBITDA	\$53.6	\$64.0
Less: Interest	(7.9)	(5.9)
Less: Adjusted Taxes	(8.8)	(11.6)
Less: Depreciation & Amortization	(18.7)	(18.0)
Adjusted Net Income	\$18.2	\$28.5
Average Diluted Shares Outstanding	21.8	20.9
Adjusted Earnings Per Share	\$0.83	\$1.36

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Capital Allocation Overview



Q3 Capital Expenditures

- Invested \$18.0M in facilities, equipment and software, driven primarily by spending in Power Systems to support programs with the U.S. Navy

Dividends & Share Repurchases

- In Q3, paid \$0.24/share dividend totaling \$5.0M
- Completed \$50M share repurchase program that was authorized in October 2017
 - Purchased 666K shares through the duration of the program
 - Since the beginning of 2015, we repurchased 2.8M shares for approximately \$177M
- Announced yesterday that the Board of Directors authorized a new \$50 million, two-year share repurchase program

Commentary on Liquidity & Net Debt



Liquidity in 2018

- Tax refund of approximately \$128M in connection with the filing of EnPro's 10-year loss carryback return
 - \$96M tax refund received during the first half
 - Estimated \$32M tax refund will be received by year end 2018 (subject to IRS audit)
- Refined provisional federal and state toll charge estimate, reducing the toll charge from \$11.7 million to \$5.1 million
- Cash balance as of 6/30/18 of approximately \$120M
- Total borrowings as of 6/30/18 of approximately \$480M

Refinancing

- Completed an offering of \$350 million 5.75% senior notes due 2026 on October 17th, 2018
- Redeemed preexisting \$450 million 5.875% senior notes due 2022 in full on October 31, 2018

Note on refinancing: EnPro expects to record a loss on the redemption of the Senior Notes and Additional Notes of approximately \$18.1 million in the fourth quarter of 2018. The \$18.1 million is composed of a \$13.2M redemption premium plus the write-off of unamortized debt issuance costs of \$4.9M.

Net Debt & Liquidity Summary



<i>\$ millions</i>		September 30, 2018
	Credit Facility	\$34
	Senior Notes	\$445
	Capital Lease Obligations	\$1
A	Debt Components	\$480
B	Cash and Equivalents	\$120
C = (A - B)	Net Debt	\$360
D	LTM September 30, 2018 Pro Forma EBITDA	\$212
E = (C / D)	Leverage Ratio	1.7x

Note: Including the approximate \$32M tax refund that we expect to receive in the remainder of 2018, the adjusted net debt-to-LTM pro forma adjusted EBITDA multiple would be approximately 1.5x.

2018 Guidance



Guidance Commentary ⁽¹⁾

- Expect full-year consolidated sales to be up between 8% and 9% over pro forma 2017 sales and full-year adjusted EBITDA to be between \$217 and \$220 million for the year
- New range reflects confidence in ability to execute on Power Systems' backlog and current visibility of order trends in our other businesses

\$ in millions	2018 Guidance ⁽¹⁾	
	Low	High
Sales Growth	8.0%	9.0%
EBITDA	\$217M	\$220M

(1) Ranges include the impact from the previously announced acquisitions and excludes any impact of further M&A activity and acquisition-related costs, changes in foreign exchange rates from the end of the third quarter (September 30, 2018), and any litigation or environmental charges.

Note: 2018 pre-tax income will include a \$12.8 million non-operating, non-cash charge resulting from the third quarter completion of an annuitization of a portion of the Company's pension obligations.

QUESTIONS

APPENDIX

Market Indicators



EnPro Segment	Divisions	End-Market Exposure	Q3'18 vs. Q3'17	Q4'18 vs. Q4'17
Sealing Products	  	• Aerospace	↗	↗
		• Food & Pharma	↗	↗
		• General Industrial	→	→
		• Heavy-Duty Trucking	↗	↗
		• Metals & Mining	↗	↗
		• Nuclear	→	→
		• Oil & Gas	↘	↘
		• Refining & Processing	→	→
		• Semiconductor	↗	↘
Engineered Products	 	• Automotive	↘	↘
		• ConAg	↗	↗
		• General Industrial	↗	↗
		• Oil & Gas	↗	↗
		• Refining & Processing	↗	↗
Power Systems		• Aftermarket Sales	↗	↗

LTM EBITDA Calculation



(Stated in Millions of Dollars)

	Consolidated Adjusted <u>EBITDA</u>	Pro Forma Adjusted <u>EBITDA</u>
Nine Months Ended September 30, 2018 (A)	\$ 163.7	\$ 163.7
Year Ended December 31, 2017	187.7	214.5
Less: Nine Months Ended September 30, 2017 (A)	<u>139.1</u>	<u>165.9</u>
Trailing Twelve Months Ended September 30, 2018	\$ 212.3	\$ 212.3

(A) For reconciliations of consolidated net income to consolidated adjusted EBITDA and to pro forma net income, and of pro forma net income to pro forma adjusted EBITDA for the nine months ended September 30, 2017, please refer to our third quarter earnings release dated October 31, 2018 and available at our website. For reconciliations of consolidated net income to consolidated adjusted EBITDA and to pro forma net income, and of pro forma net income to pro forma adjusted EBITDA for the year ended December 31, 2017, please refer to our fourth quarter earnings release dated February 13, 2018, also available at our website.