



Entegris Reports Results for Second Quarter of 2019

July 25, 2019

- Second-quarter revenue of \$378.9 million, decreased 1% from prior year
- GAAP net income per diluted share of \$0.91
- Non-GAAP net income per diluted share of \$0.39
- Implementing operating model improvements expected to yield more than \$20 million of annualized cost savings

BILLERICA, Mass.--(BUSINESS WIRE)--Jul. 25, 2019-- [Entegris](#), Inc. (NasdaqGS: ENTG), a leader in specialty chemicals and advanced materials solutions for the microelectronics industry, today reported its financial results for the Company's second quarter ended June 29, 2019.

Second-quarter sales were \$378.9 million, a decrease of 1% from the same quarter last year. GAAP second-quarter net income was \$124.0 million, or \$0.91 per diluted share, which included \$122 million net proceeds associated with the terminated Versum transaction, \$16.6 million of amortization of intangible assets, \$2.2 million of restructuring costs, \$1.3 million of integration costs, \$1.2 million in deal costs mainly associated with the terminated Versum transaction and a \$700 thousand charge for fair value write-up of acquired inventory sold. Non-GAAP net income was \$53.4 million and non-GAAP earnings per diluted share was \$0.39.

Bertrand Loy, President and Chief Executive Officer, said: "The second quarter was soft for the industry and was somewhat softer than anticipated for Entegris. In spite of the pervasive uncertainty, we are seeing increased evidence that our business will be stronger in the second half of this year."

Mr. Loy added: "Entegris has never been better positioned and more relevant for our customers, as materials and contamination control are becoming increasingly critical to the industry roadmaps. As we've shown with the operating model improvements announced today and the recent acquisition of MPD, we are continually assessing and dynamically managing our business model and portfolio to drive growth and returns."

Quarterly Financial Results Summary

(in thousands, except per share data)

| GAAP Results | Q2 2019 | Q2 2018 | Q1 2019 |
|------------------------------------|-----------|-----------|-----------|
| Net sales | \$378,874 | \$383,059 | \$391,047 |
| Operating income | \$54,909 | \$74,933 | \$47,491 |
| Operating margin | 14.5% | 19.6% | 12.1% |
| Net income | \$123,997 | \$54,349 | \$32,658 |
| Diluted earnings per share (EPS) | \$0.91 | \$0.38 | \$0.24 |
| Non-GAAP Results | | | |
| Non-GAAP adjusted operating income | \$76,793 | \$93,473 | \$92,180 |
| Non-GAAP adjusted operating margin | 20.3% | 24.4% | 23.6% |
| Non-GAAP net income | \$53,432 | \$69,835 | \$67,894 |
| Non-GAAP EPS | \$0.39 | \$0.49 | \$0.50 |

Third-Quarter Outlook

For the third quarter ending September 28, 2019, the Company expects sales of \$385 million to \$400 million, net income of \$40 million to \$46 million and net income per diluted share between \$0.29 and \$0.34. On a non-GAAP basis, EPS is expected to range from \$0.42 to \$0.47 per diluted share, which reflects net income on a non-GAAP basis in the range of \$57 million to \$64 million, which is adjusted for expected amortization and restructuring & integration expenses of approximately \$14.2 million (or \$0.08 per share) and \$8.6 million (or approximately \$0.05 per share).

Organizational Changes

Entegris is implementing operating model improvements that will enable the company to be more responsive to customers, increase competitiveness, allow for scalable growth and result in significant cost savings. Efficiencies gained by these changes are expected to result in more than \$20 million in annualized cost savings. These actions will largely be in place by the beginning of the fourth quarter this year.

Segment Results

The Company reports its results in the following segments:

Specialty Chemicals and Engineered Materials (SCEM): SCEM provides high-performance and high-purity process chemistries, gases and materials, as well as safe and efficient delivery systems to support semiconductor and other advanced manufacturing processes.

Microcontamination Control (MC): MC solutions purify critical liquid chemistries and gases used in semiconductor manufacturing processes and other high-technology industries.

Advanced Materials Handling (AMH): AMH develops solutions to monitor, protect, transport, and deliver critical liquid chemistries, wafers, and substrates for a broad set of applications in the semiconductor industry and other high-technology industries.

Change in Inter-Segment Reporting

In the first quarter of 2019, the Company changed its definition of segment profit to include inter-segment sales. The Company updated its recognition of inter-segment sales to recognize the revenue and profit associated with products and components produced in one segment and supplied to another, before being sold to the ultimate end customer. The Company accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, that is, at approximate market prices. Prior quarter information was recast to reflect the change in the Company's definition of segment profit.

Second-Quarter Results Conference Call Details

Entegris will hold a conference call to discuss its results for the second quarter on Thursday, July 25, 2019, at 9:00 a.m. Eastern Time. Participants should dial 800-458-4121 or +1 323-794-2093, referencing confirmation code 9712936. Participants are asked to dial in 5 to 10 minutes prior to the start of the call. For a replay of the call, please [Click Here](#) using passcode 9712936. The replay will be available starting at 12:00 p.m. ET on Thursday, July 25 through September 7, 2019 at 12:00 p.m. ET.

The call can also be accessed live and on-demand from the Entegris website. Point your web browser to <http://investor.entegris.com/events.cfm> and follow the link to the webcast. The on-demand playback will be available for six weeks after the conclusion of the teleconference.

Management's slide presentation concerning the results for the second quarter, which may be referred to during the call, will be posted on the *investor relations* section of www.entegris.com Thursday morning before the call.

ABOUT ENTEGRIS

Entegris is a leader in specialty chemicals and advanced materials solutions for the microelectronics industry and other high-tech industries. Entegris is ISO 9001 certified and has manufacturing, customer service and/or research facilities in the United States, Canada, China, France, Germany, Israel, Japan, Malaysia, Singapore, South Korea and Taiwan. Additional information can be found at www.entegris.com.

Non-GAAP Information

The Company's condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States (GAAP). Adjusted EBITDA, Adjusted Gross Profit, Adjusted Segment Profit, and Adjusted Operating Income together with related measures thereof, and non-GAAP EPS, are considered "Non-GAAP financial measures" under the rules and regulations of the Securities and Exchange Commission. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The Company uses these non-GAAP financial measures for financial and operational decision-making, as a means to evaluate period-to-period comparisons, as well as comparisons to our competitors' operating results. Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain items that may not be indicative of our recurring business operating results, such as amortization, depreciation and discrete cash charges that are infrequent in nature. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing and understanding our results and performance and when planning, forecasting, and analyzing future periods. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze our business. The reconciliations of GAAP Net Income (Loss) to Adjusted Operating Income and Adjusted EBITDA, GAAP Net Income (Loss) to Non-GAAP Earnings per Share, GAAP Gross Profit to Adjusted Gross Profit and GAAP Segment Profit to Adjusted Operating Income are included elsewhere in this release.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "should," "may," "will," "would" or the negative thereof and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include statements related to future period guidance; future sales, net income, net income per diluted share, non-GAAP EPS, non-GAAP net income, expenses and other financial metrics; our performance relative to our markets; the impact, financial or otherwise, of any organizational changes; market and technology trends; the development of new products and the success of their introductions; Company's capital allocation strategy, which may be modified at any time for any reason, including share repurchases, dividends, debt repayments and potential acquisitions; the effect of the Tax Cuts and Jobs Act on our capital allocation strategy; the impact of the acquisitions we have made and commercial partnerships we have established; our ability to execute on our strategies; and other matters. These statements involve risks and uncertainties, and actual results may differ. These risks and uncertainties include, but are not limited to, weakening of global and/or regional economic conditions, generally or specifically in the semiconductor industry, which could decrease the demand for our products and solutions; our ability to meet rapid demand shifts; our ability to continue technological innovation and introduce new products to meet our customers' rapidly changing requirements; our concentrated customer base; our ability to identify, effect and integrate acquisitions, joint ventures or other transactions; our ability to effectively implement any organizational changes; our ability to protect and enforce intellectual property rights; operational, political and legal risks of our international operations; our dependence on sole source and limited source suppliers; the increasing complexity of certain manufacturing processes; raw material shortages and price increases; changes in government regulations of the countries in which we operate; fluctuation of currency exchange rates; fluctuations in the market price of Entegris' stock; the level of, and obligations associated with, our indebtedness; and other risk factors and additional information described in our filings with the Securities and Exchange Commission, including under the heading "Risks Factors" in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed on February 11, 2019, and in our other periodic filings. The Company assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates.

Entegris, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

| | Three months ended | | |
|---------------|---------------------------|----------------------|-----------------------|
| | June 29, 2019 | June 30, 2018 | March 30, 2019 |
| Net sales | \$ 378,874 | \$ 383,059 | \$ 391,047 |
| Cost of sales | 212,600 | 200,681 | 213,654 |

| | | | |
|--|------------|-----------|-----------|
| Gross profit | 166,274 | 182,378 | 177,393 |
| Selling, general and administrative expenses | 64,150 | 65,200 | 82,254 |
| Engineering, research and development expenses | 30,624 | 30,231 | 28,991 |
| Amortization of intangible assets | 16,591 | 12,014 | 18,657 |
| Operating income | 54,909 | 74,933 | 47,491 |
| Interest expense, net | 9,692 | 6,925 | 9,659 |
| Other (income) expense, net | (122,015) | 3,877 | (248) |
| Income before income tax expense | 167,232 | 64,131 | 38,080 |
| Income tax expense | 43,235 | 9,782 | 5,422 |
| Net income | \$ 123,997 | \$ 54,349 | \$ 32,658 |

| | | | |
|--------------------------------------|---------|---------|---------|
| Basic net income per common share: | \$ 0.92 | \$ 0.38 | \$ 0.24 |
| Diluted net income per common share: | \$ 0.91 | \$ 0.38 | \$ 0.24 |

| | | | |
|--------------------------------------|---------|---------|---------|
| Weighted average shares outstanding: | | | |
| Basic | 135,378 | 141,701 | 135,299 |
| Diluted | 136,581 | 143,238 | 136,692 |

Entegris, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

| | Six months ended | |
|--|-------------------------|----------------------|
| | June 29, 2019 | June 30, 2018 |
| Net sales | \$ 769,921 | \$ 750,258 |
| Cost of sales | 426,254 | 391,883 |
| Gross profit | 343,667 | 358,375 |
| Selling, general and administrative expenses | 146,404 | 123,469 |
| Engineering, research and development expenses | 59,615 | 57,817 |
| Amortization of intangible assets | 35,248 | 23,683 |
| Operating income | 102,400 | 153,406 |
| Interest expense, net | 19,351 | 14,151 |
| Other (income) expense, net | (122,263) | 4,016 |
| Income before income tax expense | 205,312 | 135,239 |
| Income tax expense | 48,657 | 23,328 |
| Net income | \$ 156,655 | \$ 111,911 |

| | | |
|--------------------------------------|---------|---------|
| Basic net income per common share: | \$ 1.16 | \$ 0.79 |
| Diluted net income per common share: | \$ 1.15 | \$ 0.78 |

| | | |
|--------------------------------------|---------|---------|
| Weighted average shares outstanding: | | |
| Basic | 135,338 | 141,641 |
| Diluted | 136,637 | 143,445 |

Entegris, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

| | June 29, 2019 | | December 31, 2018 | |
|--|----------------------|----|--------------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 521,382 | \$ | 482,062 | |
| Trade accounts and notes receivable, net | 218,682 | | 222,055 | |
| Inventories, net | 261,934 | | 268,140 | |
| Deferred tax charges and refundable income taxes | 18,741 | | 17,393 | |
| Other current assets | 27,715 | | 39,688 | |
| Total current assets | 1,048,454 | | 1,029,338 | |
| Property, plant and equipment, net | 445,254 | | 419,529 | |

| | | |
|---|---------------------|---------------------|
| Right-of-use assets | 44,176 | — |
| Goodwill | 583,328 | 550,202 |
| Intangible assets | 266,425 | 295,687 |
| Deferred tax assets and other noncurrent tax assets | 23,153 | 10,162 |
| Other | 13,932 | 12,723 |
| Total assets | <u>\$ 2,424,722</u> | <u>\$ 2,317,641</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|--|---------------------|---------------------|
| Long-term debt, current maturities | 4,000 | 4,000 |
| Accounts payable | 56,986 | 93,055 |
| Accrued liabilities | 117,783 | 141,020 |
| Income tax payable | 36,371 | 31,593 |
| Total current liabilities | <u>215,140</u> | <u>269,668</u> |
| Long-term debt, excluding current maturities | 933,675 | 934,863 |
| Long-term lease liability | 40,612 | — |
| Other liabilities | 132,746 | 101,085 |
| Shareholders' equity | 1,102,549 | 1,012,025 |
| Total liabilities and shareholders' equity | <u>\$ 2,424,722</u> | <u>\$ 2,317,641</u> |

Entegris, Inc. and Subsidiaries Condensed Consolidated Statements of Cash Flows

(In thousands)
(Unaudited)

| | Three months ended | | Six months ended | |
|---|--------------------|-------------------|-------------------|-------------------|
| | June 29, 2019 | June 30, 2018 | June 29, 2019 | June 30, 2018 |
| Operating activities: | | | | |
| Net income | \$ 123,997 | \$ 54,349 | \$ 156,655 | \$ 111,911 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation | 18,596 | 15,802 | 35,317 | 31,699 |
| Amortization | 16,591 | 12,014 | 35,248 | 23,683 |
| Stock-based compensation expense | 4,936 | 4,429 | 9,589 | 8,557 |
| Other | 446 | 2,101 | 6,140 | 2,883 |
| Changes in operating assets and liabilities: | | | | |
| Trade accounts and notes receivable | 14,545 | 8,698 | 5,436 | 2,687 |
| Inventories | 5,840 | (7,517) | 3,709 | (22,472) |
| Accounts payable and accrued liabilities | (7,688) | 19,019 | (52,707) | (14,966) |
| Income taxes payable and refundable income taxes | 58,264 | (14,207) | 15,391 | (7,515) |
| Other | (4,626) | 3,601 | 13,585 | 639 |
| Net cash provided by operating activities | 230,901 | 98,289 | 228,363 | 137,106 |
| Investing activities: | | | | |
| Acquisition of property and equipment | (25,636) | (26,390) | (60,101) | (47,437) |
| Acquisition of businesses, net of cash acquired | 522 | (342,569) | (49,267) | (380,225) |
| Other | — | 1,759 | 197 | 1,905 |
| Net cash used in investing activities | (25,114) | (367,200) | (109,171) | (425,757) |
| Financing activities: | | | | |
| Payments on long-term debt | (1,000) | (2,000) | (2,000) | (27,000) |
| Issuance of common stock | — | 2,554 | 917 | 3,027 |
| Taxes paid related to net share settlement of equity awards | (574) | (290) | (8,301) | (14,413) |
| Repurchase and retirement of common stock | (15,000) | (10,000) | (50,321) | (20,000) |
| Dividend payments | (9,494) | (9,919) | (18,964) | (19,802) |
| Other | (247) | 1,750 | (497) | 1,504 |
| Net cash used in financing activities | (26,315) | (17,905) | (79,166) | (76,684) |
| Effect of exchange rate changes on cash | (450) | (6,314) | (706) | (2,967) |
| Increase (decrease) in cash and cash equivalents | 179,022 | (293,130) | 39,320 | (368,302) |
| Cash and cash equivalents at beginning of period | 342,360 | 550,236 | 482,062 | 625,408 |
| Cash and cash equivalents at end of period | <u>\$ 521,382</u> | <u>\$ 257,106</u> | <u>\$ 521,382</u> | <u>\$ 257,106</u> |

(In thousands)
(Unaudited)

Note: In the first quarter of 2019, the Company has changed its definition of segment profit to include inter-segment sales. The Company updated its recognition of inter-segment sales to recognize the revenue and profit associated with products and components produced in one segment and supplied to another, before being sold to the ultimate end customer. The Company accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, that is, at approximate market prices. Inter-segment sales are presented as an elimination below. Prior quarter information was recast to reflect the change in the Company's definition of segment profit.

| | Three months ended | | | Six months ended | |
|--|--------------------|---------------|----------------|------------------|---------------|
| | June 29, 2019 | June 30, 2018 | March 30, 2019 | June 29, 2019 | June 30, 2018 |
| Net sales | | | | | |
| Specialty Chemicals and Engineered Materials | \$ 127,552 | \$ 134,336 | \$ 124,470 | \$ 252,022 | \$ 265,079 |
| Microcontamination Control | 150,185 | 124,937 | 157,706 | 307,891 | 243,860 |
| Advanced Materials Handling | 107,515 | 130,572 | 116,064 | 223,579 | 254,650 |
| Inter-segment elimination | (6,378) | (6,786) | (7,193) | (13,571) | (13,331) |
| Total net sales | \$ 378,874 | \$ 383,059 | \$ 391,047 | \$ 769,921 | \$ 750,258 |
| | | | | | |
| | Three months ended | | | Six months ended | |
| Segment profit | June 29, 2019 | June 30, 2018 | March 30, 2019 | June 29, 2019 | June 30, 2018 |
| Specialty Chemicals and Engineered Materials | \$ 24,000 | \$ 36,728 | \$ 24,431 | \$ 48,431 | \$ 67,649 |
| Microcontamination Control | 43,126 | 37,214 | 47,323 | 90,449 | 77,525 |
| Advanced Materials Handling | 15,043 | 25,542 | 22,367 | 37,410 | 51,005 |
| Total segment profit | 82,169 | 99,484 | 94,121 | 176,290 | 196,179 |
| Amortization of intangible assets | 16,591 | 12,014 | 18,657 | 35,248 | 23,683 |
| Unallocated expenses | 10,669 | 12,537 | 27,973 | 38,642 | 19,090 |
| Total operating income | \$ 54,909 | \$ 74,933 | \$ 47,491 | \$ 102,400 | \$ 153,406 |

Entegris, Inc. and Subsidiaries
Reconciliation of GAAP Gross Profit to Adjusted Gross Profit
(In thousands)
(Unaudited)

| | Three months ended | | | Six months ended | |
|--|--------------------|---------------|----------------|------------------|---------------|
| | June 29, 2019 | June 30, 2018 | March 30, 2019 | June 29, 2019 | June 30, 2018 |
| Net sales | \$ 378,874 | \$ 383,059 | \$ 391,047 | \$ 769,921 | \$ 750,258 |
| Gross profit-GAAP | \$ 166,274 | \$ 182,378 | \$ 177,393 | \$ 343,667 | \$ 358,375 |
| Adjustments to gross profit: | | | | | |
| Severance and restructuring costs | — | — | 358 | 358 | — |
| Charge for fair value mark-up of acquired inventory sold | 695 | 208 | 2,155 | 2,850 | 208 |
| Adjusted gross profit | \$ 166,969 | \$ 182,586 | \$ 179,906 | \$ 346,875 | \$ 358,583 |
| | | | | | |
| Gross margin - as a % of net sales | 43.9% | 47.6% | 45.4% | 44.6% | 47.8% |
| Adjusted gross margin - as a % of net sales | 44.1% | 47.7% | 46.0% | 45.1% | 47.8% |

Entegris, Inc. and Subsidiaries
Reconciliation of GAAP Segment Profit to Adjusted Operating Income
(In thousands)
(Unaudited)

Note: In the first quarter of 2019, the Company has changed its definition of segment profit to include inter-segment sales. The Company updated its recognition of inter-segment sales to recognize the revenue and profit associated with products and components produced in one segment and supplied to another, before being sold to the ultimate end customer. The Company accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, that is, at approximate market prices. Prior quarter information was recast to reflect the change in the Company's definition of segment profit.

| | Three months ended | | | Six months ended | |
|--|--------------------|---------------|----------------|------------------|---------------|
| | June 29, 2019 | June 30, 2018 | March 30, 2019 | June 29, 2019 | June 30, 2018 |
| Segment profit-GAAP | | | | | |
| Specialty Chemicals and Engineered Materials | \$ 24,000 | \$ 36,728 | \$ 24,431 | \$ 48,431 | \$ 67,649 |
| Microcontamination Control | 43,126 | 37,214 | 47,323 | 90,449 | 77,525 |
| Advanced Materials Handling | 15,043 | 25,542 | 22,367 | 37,410 | 51,005 |
| Total segment profit | 82,169 | 99,484 | 94,121 | 176,290 | 196,179 |
| Amortization of intangible assets | 16,591 | 12,014 | 18,657 | 35,248 | 23,683 |
| Unallocated expenses | 10,669 | 12,537 | 27,973 | 38,642 | 19,090 |
| Total operating income | \$ 54,909 | \$ 74,933 | \$ 47,491 | \$ 102,400 | \$ 153,406 |
| | | | | | |
| | Three months ended | | | Six months ended | |

| Adjusted segment profit | June 29, 2019 June 30, 2018 March 30, 2019 | | | June 29, 2019 June 30, 2018 | |
|---|--|-----------|-----------|-----------------------------|------------|
| Specialty Chemicals and Engineered Materials ¹ | \$ 24,695 | \$ 36,728 | \$ 25,070 | \$ 49,765 | \$ 67,649 |
| Microcontamination Control ² | 43,126 | 37,422 | 50,082 | 93,208 | 77,733 |
| Advanced Materials Handling ³ | 15,043 | 25,542 | 22,945 | 37,988 | 51,005 |
| Total adjusted segment profit | 82,864 | 99,692 | 98,097 | 180,961 | 196,387 |
| Amortization of intangible assets ⁴ | — | — | — | — | — |
| Unallocated expenses ⁵ | 6,071 | 6,219 | 5,917 | 11,988 | 12,772 |
| Total adjusted operating income | \$ 76,793 | \$ 93,473 | \$ 92,180 | \$ 168,973 | \$ 183,615 |

¹ Adjusted segment profit for Specialty Chemicals and Engineered Materials for the three months ended June 29, 2019, three months ended March 30, 2019 and for the six months ended June 29, 2019 excludes charges for fair value mark-up of acquired inventory sold of \$695, \$120 and \$815, respectively. The three months ended March 30, 2019 and six months ended June 29, 2019 excludes charges for severance and restructuring of \$519.

² Adjusted segment profit for Microcontamination Control for the three and six months ended June 30, 2018, and the three months March 30, 2019 and six months ended June 29, 2019 excludes charges for fair value mark-up of acquired inventory sold of \$208 and \$2,035, respectively. Adjusted segment profit for three months ended March 30, 2019 and six months ended June 29, 2019 excludes charges for severance and restructuring of \$724.

³ Adjusted segment profit for Advanced Materials Handling for the three months ended March 30, 2019 and six months ended June 29, 2019 excludes charges for severance and restructuring of \$578, respectively.

⁴ Adjusted amortization of intangible assets excludes amortization expense of \$16,591, \$12,014 and \$18,657 for the three months ended June 29, 2019, June 30, 2018 and March 30, 2019 respectively and \$35,248 and \$23,683 for the six months ended June 29, 2019 and June 30, 2018, respectively.

⁵ Adjusted unallocated expenses for the three months ended June 29, 2019, June 30, 2018, and March 30, 2019 excludes deal and integration expenses of \$2,428, \$6,318, and \$22,056. Adjusted unallocated expenses for the six months ended June 29, 2019 and June 30, 2018 excludes deal and integration expenses of \$24,484 and \$6,318. Adjusted unallocated expenses for the three and six months ended June 29, 2019 excludes restructuring charges of \$2,170.

Entegris, Inc. and Subsidiaries
Reconciliation of GAAP Net Income to Adjusted Operating Income and Adjusted EBITDA
(In thousands)
(Unaudited)

| | Three months ended | | | Six months ended | |
|---|--------------------|---------------|----------------|------------------|---------------|
| | June 29, 2019 | June 30, 2018 | March 30, 2019 | June 29, 2019 | June 30, 2018 |
| Net sales | \$ 378,874 | \$ 383,059 | \$ 391,047 | \$ 769,921 | \$ 750,258 |
| Net income | \$ 123,997 | \$ 54,349 | \$ 32,658 | \$ 156,655 | \$ 111,911 |
| Adjustments to net income: | | | | | |
| Income tax expense | 43,235 | 9,782 | 5,422 | 48,657 | 23,328 |
| Interest expense, net | 9,692 | 6,925 | 9,659 | 19,351 | 14,151 |
| Other (income) expense, net | (122,015) | 3,877 | (248) | (122,263) | 4,016 |
| GAAP - Operating income | 54,909 | 74,933 | 47,491 | 102,400 | 153,406 |
| Charge for fair value write-up of acquired inventory sold | 695 | 208 | 2,155 | 2,850 | 208 |
| Deal costs | 1,164 | 5,121 | 19,136 | 20,300 | 5,121 |
| Integration costs | 1,264 | 1,197 | 2,920 | 4,184 | 1,197 |
| Severance and restructuring costs | 2,170 | — | 1,821 | 3,991 | — |
| Amortization of intangible assets | 16,591 | 12,014 | 18,657 | 35,248 | 23,683 |
| Adjusted operating income | 76,793 | 93,473 | 92,180 | 168,973 | 183,615 |
| Depreciation | 18,596 | 15,802 | 16,721 | 35,317 | 31,699 |
| Adjusted EBITDA | \$ 95,389 | \$ 109,275 | \$ 108,901 | \$ 204,290 | \$ 215,314 |
| Adjusted operating margin | 20.3% | 24.4% | 23.6% | 21.9% | 24.5% |
| Adjusted EBITDA - as a % of net sales | 25.2% | 28.5% | 27.8% | 26.5% | 28.7% |

Entegris, Inc. and Subsidiaries
Reconciliation of GAAP Net Income to Non-GAAP Earnings per Share
(In thousands, except per share data)
(Unaudited)

| | Three months ended | | | Six months ended | |
|---|--------------------|---------------|----------------|------------------|---------------|
| | June 29, 2019 | June 30, 2018 | March 30, 2019 | June 29, 2019 | June 30, 2018 |
| GAAP net income | \$ 123,997 | \$ 54,349 | \$ 32,658 | \$ 156,655 | \$ 111,911 |
| Adjustments to net income: | | | | | |
| Charge for fair value write-up of acquired inventory sold | 695 | 208 | 2,155 | 2,850 | 208 |
| Deal costs | 1,164 | 5,121 | 19,547 | 20,711 | 5,121 |

| | | | | | |
|---|------------------|------------------|------------------|-------------------|-------------------|
| Integration costs | 1,264 | 1,197 | 2,920 | 4,184 | 1,197 |
| Severance and restructuring costs | 2,170 | — | 1,821 | 3,991 | — |
| Versum termination fee, net | (122,000) | — | — | (122,000) | — |
| Amortization of intangible assets | 16,591 | 12,014 | 18,657 | 35,248 | 23,683 |
| Tax effect of legal entity restructuring | 9,398 | — | — | 9,398 | — |
| Tax effect of adjustments to net income and discrete items ¹ | 20,153 | (3,702) | (9,864) | 10,289 | (6,412) |
| Tax effect of Tax Cuts and Jobs Act | — | 648 | — | — | 2,142 |
| Non-GAAP net income | <u>\$ 53,432</u> | <u>\$ 69,835</u> | <u>\$ 67,894</u> | <u>\$ 121,326</u> | <u>\$ 137,850</u> |
| Diluted earnings per common share | \$ 0.91 | \$ 0.38 | \$ 0.24 | \$ 1.15 | \$ 0.78 |
| Effect of adjustments to net income | \$ (0.52) | \$ 0.11 | \$ 0.26 | \$ (0.26) | \$ 0.18 |
| Diluted non-GAAP earnings per common share | <u>\$ 0.39</u> | <u>\$ 0.49</u> | <u>\$ 0.50</u> | <u>\$ 0.89</u> | <u>\$ 0.96</u> |

¹The tax effect of pre-tax adjustments to net income was calculated using the applicable marginal tax rate during the respective years.

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