



October 26, 2017

Entegris Reports Strong Third-Quarter Results

- Record third-quarter revenue of \$345.6 million grew 16 percent from prior year
- GAAP earnings per diluted share of \$0.28 and non-GAAP earnings per diluted share of \$0.40 grew 87 percent and 67 percent, respectively, from prior year
- Year-to-date revenue of \$992.0 million increased 14 percent
- Year-to-date GAAP earnings per diluted share of \$0.79 and non-GAAP earnings per diluted share of \$1.02 grew 58 percent and 48 percent, respectively

BILLERICA, Mass., Oct. 26, 2017 /PRNewswire/ -- [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 third quarter ended September 30, 2017.



Third-quarter sales were \$345.6 million, an increase of 16.5% from the same quarter last year and a 5.0% increase sequentially. Third-quarter net income was \$40.9 million, or \$0.28 per diluted share, which included amortization of intangible assets of \$11.1 million, as well as asset impairment charges of \$10.0 million and severance expense of \$2.1 million primarily related to the realignment of the Advanced Materials Handling business. Non-GAAP net income was \$57.0 million, or \$0.40 per diluted share.

For the first nine months of fiscal 2017, sales of \$992.0 million increased 14.4% from the same period a year ago. Net income for the first nine months of 2017 was \$113.4 million, or \$0.79 per share, which included amortization of intangible assets of \$33.0 million, as well as asset impairment charges and severance expense of \$15.9 million. Non-GAAP net income for the first nine months of 2017 was \$146.6 million, or \$1.02 per diluted share, which increased from \$98.6 million, or \$0.69 per diluted share, for the same period a year ago.

Bertrand Loy, president and chief executive officer, said: "Our performance remained very strong in the third quarter and we are on track to exceed many of the objectives we set for ourselves for 2017 in terms of revenue growth and bottom line expansion. These results are a validation of the strategies and investments we have made to build a unique portfolio of specialty materials, filtration, and advanced materials handling technologies. These capabilities are becoming even more critical to solving complex process challenges facing the semiconductor industry as it creates devices to power new applications driven by artificial intelligence and the Internet of Things."

Mr. Loy added: "We generated record adjusted EBITDA of \$96 million, or 28% of revenue. This strong cash generation is enabling us to invest in our growth, pay down our debt, make modest share repurchases and initiate a quarterly dividend, while maintaining flexibility for future acquisitions."

Quarterly Financial Results Summary

(in thousands, except per share data)

| GAAP Results | Q3-2017 | Q3-2016 | Q2-2017 |
|------------------------------------|-----------|-----------|-----------|
| Net sales | \$345,591 | \$296,692 | \$329,002 |
| Operating income | \$60,655 | \$34,672 | \$59,090 |
| Operating margin | 17.6% | 11.7% | 18.0% |
| Net income | \$40,902 | \$21,947 | \$39,991 |
| Diluted earnings per share (EPS) | \$0.28 | \$0.15 | \$0.28 |
| Non-GAAP Results | | | |
| Non-GAAP adjusted operating income | \$81,077 | \$53,877 | \$73,826 |
| Adjusted operating margin | 23.5% | 18.2% | 22.4% |
| Non-GAAP net income | \$56,989 | \$34,647 | \$48,906 |
| Non-GAAP EPS | \$0.40 | \$0.24 | \$0.34 |

Fourth-Quarter Outlook

For the fourth quarter ending December 31, 2017, the Company expects sales of \$335 million to \$345 million, net income of \$43 million to \$50 million, and net income per diluted share between \$0.30 and \$0.35. On a non-GAAP basis, EPS is expected to range from \$0.35 to \$0.40 per diluted share, which reflects net income on a non-GAAP basis in the range of \$50 million to \$57 million, which is adjusted for expected amortization expense of approximately \$11 million or \$0.05 per share.

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 and substrates for a broad set of applications in the semiconductor industry and other high-technology industries.

Third-Quarter Results Conference Call Details

Entegris will hold a conference call to discuss its results for the third quarter on Thursday, October 26, 2017, at 9:00 a.m. Eastern Time. Participants should dial 1-866-548-4713 or 1-323-794-2093, referencing confirmation code 1147643. Participants are asked to dial in 5 to 10 minutes prior to the start of the call. To access a telephonic replay of the call, please [Click Here](#) and reference confirmation code 1147643. The replay will be available starting at 12:30 p.m. ET on Thursday, October 26 until Saturday, December 9. A live and on-demand webcast of the call can also be accessed from the *investor relations* section of Entegris' website at www.entegris.com.

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

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, 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 to Adjusted Operating Income and Adjusted EBITDA, GAAP Gross Profit to Adjusted Gross Profit, GAAP Segment Profit to Adjusted Operating Income, and GAAP to Non-GAAP Earnings per Share 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; 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; 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 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, 2016, filed on February 17, 2017, 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 | | |
|--|--------------------|-----------------|--------------|
| | September 30, 2017 | October 1, 2016 | July 1, 2017 |
| Net sales | \$345,591 | \$296,692 | \$329,002 |
| Cost of sales | 190,184 | 173,712 | 178,699 |
| Gross profit | 155,407 | 122,980 | 150,303 |
| Selling, general and administrative expenses | 57,699 | 51,614 | 52,985 |
| Engineering, research and development expenses | 26,002 | 25,720 | 27,221 |
| Amortization of intangible assets | 11,051 | 10,974 | 11,007 |
| Operating income | 60,655 | 34,672 | 59,090 |
| Interest expense, net | 7,599 | 9,345 | 8,103 |
| Other expense (income), net | 2,906 | (565) | (46) |
| Income before income tax expense | 50,150 | 25,892 | 51,033 |
| Income tax expense | 9,248 | 3,945 | 11,042 |
| Net income | \$40,902 | \$21,947 | \$39,991 |
| Basic net income per common share: | \$0.29 | \$0.16 | \$0.28 |
| Diluted net income per common share: | \$0.28 | \$0.15 | \$0.28 |
| Weighted average shares outstanding: | | | |
| Basic | 141,684 | 141,324 | 141,696 |

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

| | Nine months ended | |
|--|--------------------|-----------------|
| | September 30, 2017 | October 1, 2016 |
| Net sales | \$991,970 | \$866,768 |
| Cost of sales | 546,664 | 489,877 |
| Gross profit | 445,306 | 376,891 |
| Selling, general and administrative expenses | 161,176 | 153,167 |
| Engineering, research and development expenses | 80,462 | 79,768 |
| Amortization of intangible assets | 33,003 | 33,325 |
| Operating income | 170,665 | 110,631 |
| Interest expense, net | 24,095 | 27,545 |
| Other expense (income), net | 3,762 | (2,294) |
| Income before income tax expense | 142,808 | 85,380 |
| Income tax expense | 29,401 | 14,331 |
| Net income | \$113,407 | \$71,049 |
| | | |
| Basic net income per common share: | \$0.80 | \$0.50 |
| Diluted net income per common share: | \$0.79 | \$0.50 |
| | | |
| Weighted average shares outstanding: | | |
| Basic | 141,627 | 141,019 |
| Diluted | 143,472 | 141,856 |

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

| | September 30, 2017 | December 31, 2016 |
|--|--------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$435,197 | \$406,389 |
| Accounts receivable, net | 183,417 | 165,675 |
| Inventories | 193,302 | 183,529 |
| Deferred tax charges and refundable income taxes | 15,720 | 20,140 |
| Other current assets | 20,865 | 24,398 |
| Total current assets | 848,501 | 800,131 |
| | | |
| Property, plant and equipment, net | 346,660 | 321,562 |
| | | |
| Goodwill | 355,855 | 345,269 |
| Intangible assets | 190,754 | 217,548 |
| Deferred tax assets | 9,247 | 8,022 |
| Other assets | 6,732 | 7,000 |
| Total assets | \$1,757,749 | \$1,699,532 |
| | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Long-term debt, current maturities | \$100,000 | \$100,000 |
| Accounts payable | 60,328 | 61,617 |
| Accrued liabilities | 95,161 | 83,530 |
| Income tax payable | 14,390 | 16,424 |
| Total current liabilities | 269,879 | 261,571 |

| | | |
|--|--------------------|--------------------|
| Long-term debt, excluding current maturities | 411,465 | 484,677 |
| Other liabilities | 58,040 | 54,066 |
| Shareholders' equity | 1,018,365 | 899,218 |
| Total liabilities and shareholders' equity | <u>\$1,757,749</u> | <u>\$1,699,532</u> |

Entegris, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

| | Three months ended | | Nine months ended | |
|---|-----------------------|------------------|-----------------------|------------------|
| | September 30, 2017 | October 1, 2016 | September 30, 2017 | October 1, 2016 |
| Operating activities: | | | | |
| Net income | \$40,902 | \$21,947 | \$113,407 | \$71,049 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation | 14,785 | 13,795 | 43,173 | 41,320 |
| Amortization | 11,051 | 10,974 | 33,003 | 33,325 |
| Stock-based compensation expense | 3,548 | 3,697 | 11,457 | 10,063 |
| Provision for deferred income taxes | (2,953) | 597 | 254 | (334) |
| Other | 13,898 | 10,463 | 24,028 | 19,667 |
| Changes in operating assets and liabilities: | | | | |
| Trade accounts and notes receivable | (12,313) | 13,847 | (15,345) | (22,252) |
| Inventories | (1,047) | (5,907) | (14,884) | (17,296) |
| Accounts payable and accrued liabilities | 20,911 | 12,962 | 7,598 | 26,517 |
| Income taxes payable and refundable income taxes | (1,293) | (11,771) | 1,664 | (11,364) |
| Other | 1,552 | 1,334 | 3,277 | (219) |
| Net cash provided by operating activities | 89,041 | 71,938 | 207,632 | 150,476 |
| Investing activities: | | | | |
| Acquisition of business net of cash acquired | — | — | (20,000) | — |
| Acquisition of property and equipment | (25,447) | (13,124) | (67,939) | (45,268) |
| Other | 863 | 138 | 1,074 | (1,520) |
| Net cash used in investing activities | (24,584) | (12,986) | (86,865) | (46,788) |
| Financing activities: | | | | |
| Payments on long-term debt | (25,000) | (25,000) | (75,000) | (50,000) |
| Issuance of common stock | 677 | 512 | 3,582 | 2,892 |
| Taxes paid related to net share settlement of equity awards | (168) | (1,113) | (5,407) | (3,316) |
| Repurchase and retirement of common stock | (10,000) | — | (18,000) | (3,573) |
| Other | — | 402 | (1,270) | 493 |
| Net cash used in financing activities | (34,491) | (25,199) | (96,095) | (53,504) |
| Effect of exchange rate changes on cash | (404) | 4,281 | 4,136 | 11,768 |
| Increase in cash and cash equivalents | 29,562 | 38,034 | 28,808 | 61,952 |
| Cash and cash equivalents at beginning of period | 405,635 | 373,743 | 406,389 | 349,825 |
| Cash and cash equivalents at end of period | \$435,197 | \$411,777 | \$435,197 | \$411,777 |

Entegris, Inc. and Subsidiaries
Segment Information
(In thousands)
(Unaudited)

| | Three months ended | | | Nine months ended | |
|--|-----------------------|------------------|------------------|-----------------------|------------------|
| | September 30, 2017 | October 1, 2016 | July 1, 2017 | September 30, 2017 | October 1, 2016 |
| Net sales | | | | | |
| Specialty Chemicals and Engineered Materials | \$124,522 | \$104,494 | \$121,174 | \$360,131 | \$317,383 |
| Microcontamination Control | 116,113 | 94,738 | 104,407 | 320,575 | 263,941 |
| Advanced Materials Handling | 104,956 | 97,460 | 103,421 | 311,264 | 285,444 |
| Total net sales | \$345,591 | \$296,692 | \$329,002 | \$991,970 | \$866,768 |

| Segment profit | Three months ended | | | Nine months ended | |
|--|--------------------|-----------------|--------------|--------------------|-----------------|
| | September 30, 2017 | October 1, 2016 | July 1, 2017 | September 30, 2017 | October 1, 2016 |
| Specialty Chemicals and Engineered Materials | \$34,647 | \$18,811 | \$34,174 | \$96,961 | \$70,141 |
| Microcontamination Control | 43,984 | 31,617 | 36,484 | 116,049 | 78,323 |
| Advanced Materials Handling | 16,882 | 15,378 | 19,573 | 54,731 | 56,808 |
| Total segment profit | 95,513 | 65,806 | 90,231 | 267,741 | 205,272 |
| Amortization of intangibles | 11,051 | 10,974 | 11,007 | 33,003 | 33,325 |
| Unallocated expenses | 23,807 | 20,160 | 20,134 | 64,073 | 61,316 |
| Total operating income | \$60,655 | \$34,672 | \$59,090 | \$170,665 | \$110,631 |

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

| | Three months ended | | | Nine months ended | |
|---|--------------------|-----------------|--------------|--------------------|-----------------|
| | September 30, 2017 | October 1, 2016 | July 1, 2017 | September 30, 2017 | October 1, 2016 |
| Net sales | \$345,591 | \$296,692 | \$329,002 | \$991,970 | \$866,768 |
| Gross profit-GAAP | \$155,407 | \$122,980 | \$150,303 | \$445,306 | \$376,891 |
| Adjustments to gross profit: | | | | | |
| Severance related to organizational realignment | 740 | 431 | | 740 | 431 |
| Impairment of equipment | 3,364 | 5,826 | 1,966 | 5,330 | 5,826 |
| Adjusted gross profit | \$159,511 | \$129,237 | \$152,269 | \$451,376 | \$383,148 |
| Gross margin - as a % of net sales | 45.0% | 41.5% | 45.7% | 44.9% | 43.5% |
| Adjusted gross margin - as a % of net sales | 46.2% | 43.6% | 46.3% | 45.5% | 44.2% |

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

| Segment profit-GAAP | Three months ended | | | Nine months ended | |
|--|--------------------|-----------------|--------------|--------------------|-----------------|
| | September 30, 2017 | October 1, 2016 | July 1, 2017 | September 30, 2017 | October 1, 2016 |
| Specialty Chemicals and Engineered Materials | \$34,647 | \$18,811 | \$34,174 | \$96,961 | \$70,141 |
| Microcontamination Control | 43,984 | 31,617 | 36,484 | 116,049 | 78,323 |
| Advanced Materials Handling | 16,882 | 15,378 | 19,573 | 54,731 | 56,808 |
| Total segment profit | 95,513 | 65,806 | 90,231 | 267,741 | 205,272 |
| Amortization of intangible assets | 11,051 | 10,974 | 11,007 | 33,003 | 33,325 |
| Unallocated expenses | 23,807 | 20,160 | 20,134 | 64,073 | 61,316 |
| Total operating income | \$60,655 | \$34,672 | \$59,090 | \$170,665 | \$110,631 |

| Segment profit margin-GAAP | | | | | |
|--|-------|-------|-------|-------|-------|
| Specialty Chemicals and Engineered Materials | 27.8% | 18.0% | 28.2% | 26.9% | 22.1% |
| Microcontamination Control | 37.9% | 33.4% | 34.9% | 36.2% | 29.7% |
| Advanced Materials Handling | 16.1% | 15.8% | 18.9% | 17.6% | 19.9% |

| Adjusted segment profit | Three months ended | | | Nine months ended | |
|-------------------------|--------------------|-----------------|--------------|--------------------|-----------------|
| | September 30, 2017 | October 1, 2016 | July 1, 2017 | September 30, 2017 | October 1, 2016 |
| | | | | | |

| | | | | | |
|---|----------|----------|----------|-----------|-----------|
| Specialty Chemicals and Engineered Materials ¹ | \$34,661 | \$19,510 | \$34,174 | \$96,975 | \$70,840 |
| Microcontamination Control ² | 44,180 | 32,354 | 37,927 | 117,688 | 79,060 |
| Advanced Materials Handling ³ | 22,103 | 22,173 | 21,859 | 62,238 | 63,603 |
| Total adjusted segment profit | 100,944 | 74,037 | 93,960 | 276,901 | 213,503 |
| Amortization of intangible assets ⁴ | — | — | — | — | — |
| Unallocated expenses ⁵ | 19,867 | 20,160 | 20,134 | 60,133 | 61,316 |
| Total adjusted operating income | \$81,077 | \$53,877 | \$73,826 | \$216,768 | \$152,187 |

Adjusted segment profit margin

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Specialty Chemicals and Engineered Materials | 27.8% | 18.7% | 28.2% | 26.9% | 22.3% |
| Microcontamination Control | 38.0% | 34.2% | 36.3% | 36.7% | 30.0% |
| Advanced Materials Handling | 21.1% | 22.8% | 21.1% | 20.0% | 22.3% |

¹ Adjusted segment profit for Specialty Chemicals and Engineered Materials for the three months and nine months ended October 1, 2016 excludes charges for severance related to organizational realignment of \$699. Adjusted segment profit for Specialty Chemicals and Engineered Materials for the three months and nine months ended September 30, 2017 excludes charges for severance related to organizational realignment of \$14.

² Adjusted segment profit for Microcontamination Control excludes charges for impairment of equipment and severance related to organizational realignment of \$196, \$737, and \$1,443 for the three months ended September 30, 2017, October 1, 2016, and July 1, 2017, respectively. Adjusted segment profit for Microcontamination Control excludes impairment of equipment and charges for severance related to organizational realignment of \$1,639 and \$737 for the nine months ended September 30, 2017 and October 1, 2016, respectively.

³ Adjusted segment profit for Advanced Material Handling excludes charges for impairment of equipment and severance related to organizational realignment of \$5,221, \$6,795 and \$2,286 for the three months ended September 30, 2017, October 1, 2016, and July 1, 2017, respectively. Adjusted segment profit for Advanced Material Handling excludes charges for impairment of equipment and severance related to organizational realignment of \$7,507 and \$6,795 for the nine months ended September 30, 2017 and October 1, 2016, respectively.

⁴ Adjusted amortization of intangible assets excludes amortization expense of \$11,051, \$10,974, and \$11,007 for the three months ended September 30, 2017, October 1, 2016, and July 1, 2017, respectively, and \$33,003 and \$33,325 for the nine months ended September 30, 2017 and October 1, 2016, respectively.

⁵ Adjusted unallocated expenses excludes charges for impairment of intangibles and severance related to organizational realignment of \$3,940 for the three months and nine months ended September 30, 2017.

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

| | Three months ended | | | Nine months ended | |
|--|--------------------|-----------------|--------------|--------------------|-----------------|
| | September 30, 2017 | October 1, 2016 | July 1, 2017 | September 30, 2017 | October 1, 2016 |
| Net sales | \$345,591 | \$296,692 | \$329,002 | \$991,970 | \$866,768 |
| Net income | \$40,902 | \$21,947 | \$39,991 | \$113,407 | \$71,049 |
| Adjustments to net income: | | | | | |
| Income tax expense | 9,248 | 3,945 | 11,042 | 29,401 | 14,331 |
| Interest expense, net | 7,599 | 9,345 | 8,103 | 24,095 | 27,545 |
| Other expense (income), net | 2,906 | (565) | (46) | 3,762 | (2,294) |
| GAAP - Operating income | 60,655 | 34,672 | 59,090 | 170,665 | 110,631 |
| Severance related to organizational realignment | 2,141 | 2,405 | 559 | 2,700 | 2,405 |
| Impairment of equipment and intangibles ¹ | 7,230 | 5,826 | 3,170 | 10,400 | 5,826 |
| Amortization of intangible assets | 11,051 | 10,974 | 11,007 | 33,003 | 33,325 |
| Adjusted operating income | 81,077 | 53,877 | 73,826 | 216,768 | 152,187 |
| Depreciation | 14,785 | 13,795 | 14,411 | 43,173 | 41,320 |
| Adjusted EBITDA | \$95,862 | \$67,672 | \$88,237 | \$259,941 | \$193,507 |
| Adjusted operating margin | 23.5% | 18.2% | 22.4% | 21.9% | 17.6% |
| Adjusted EBITDA - as a % of net sales | 27.7% | 22.8% | 26.8% | 26.2% | 22.3% |

¹ Includes product line impairment charges of \$3,364, \$5,826 and \$1,966 classified as cost of sales for the three months ended September 30, 2017, October 1, 2016 and July 1, 2017, respectively. Includes product line impairment charges of \$5,330 and \$5,826 classified as cost of sales for the nine months ended September 30, 2017 and October 1, 2016, respectively.

Includes Jetalon intangible impairment charge of \$3,866 classified as selling general and administrative expense for both the three and nine months ended September 30, 2017.

Includes product line impairment charge of \$320 classified as selling general and administrative expense for both the three months ended July 1, 2017 and the nine months ended September 30, 2017.

Includes product line impairment charge of \$884 classified as engineering, research and development expense for both the three months ended July 1, 2017 and the nine months ended September 30, 2017.

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 | | | Nine months ended | |
|--|-----------------------|--------------------|--------------|-----------------------|--------------------|
| | September 30, 2017 | October 1, 2016 | July 1, 2017 | September 30, 2017 | October 1, 2016 |
| GAAP net income | \$40,902 | \$21,947 | \$39,991 | \$113,407 | \$71,049 |
| Adjustments to net income: | | | | | |
| Severance related to organizational realignment | 2,141 | 2,405 | 559 | 2,700 | 2,405 |
| Impairment of equipment and intangibles ¹ | 10,030 | 5,826 | 3,170 | 13,200 | 5,826 |
| Gain on sale of equity investment | — | — | — | — | (156) |
| Amortization of intangible assets | 11,051 | 10,974 | 11,007 | 33,003 | 33,325 |
| Tax effect of adjustments to net income and discrete items | (7,135) | (6,505) | (5,821) | (15,661) | (13,895) |
| Non-GAAP net income | \$56,989 | \$34,647 | \$48,906 | \$146,649 | \$98,554 |
| Diluted earnings per common share | \$0.28 | \$0.15 | \$0.28 | \$0.79 | \$0.50 |
| Effect of adjustments to net income | \$0.11 | \$0.09 | \$0.06 | \$0.23 | \$0.19 |
| Diluted non-GAAP earnings per common share | \$0.40 | \$0.24 | \$0.34 | \$1.02 | \$0.69 |

¹ Includes product line impairment charges of \$3,364, \$5,826 and \$1,966 classified as cost of sales for the three months ended September 30, 2017, October 1, 2016 and July 1, 2017, respectively. Includes product line impairment charges of \$5,330 and \$5,826 classified as cost of sales for the nine months ended September 30, 2017 and October 1, 2016, respectively.

Includes Jetalon intangible impairment charge of \$3,866 classified as selling general and administrative expense for both the three and nine months ended September 30, 2017.

Includes product line impairment charge of \$320 classified as selling general and administrative expense for both the three months ended July 1, 2017 and the nine months ended September 30, 2017.

Includes product line impairment charge of \$884 classified as engineering, research and development expense for both the three months ended July 1, 2017 and the nine months ended September 30, 2017.

Includes product line impairment charge of \$2,800 classified as other expense for both the three and nine months ended September 30, 2017.

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