



Sensient Technologies Corporation

Second Quarter 2024 Earnings Call

July 26, 2024

Non-GAAP Financial Measures

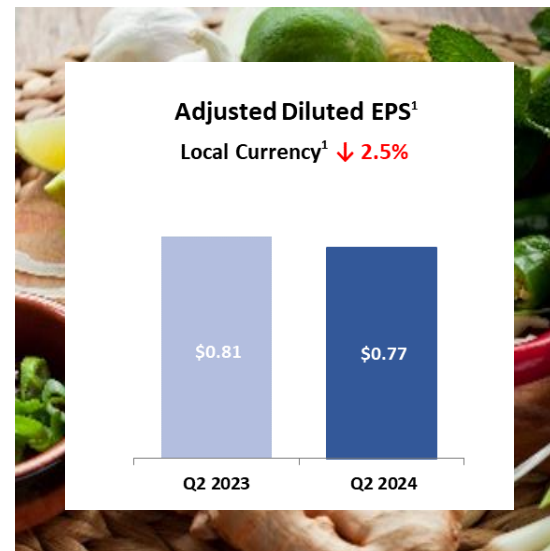
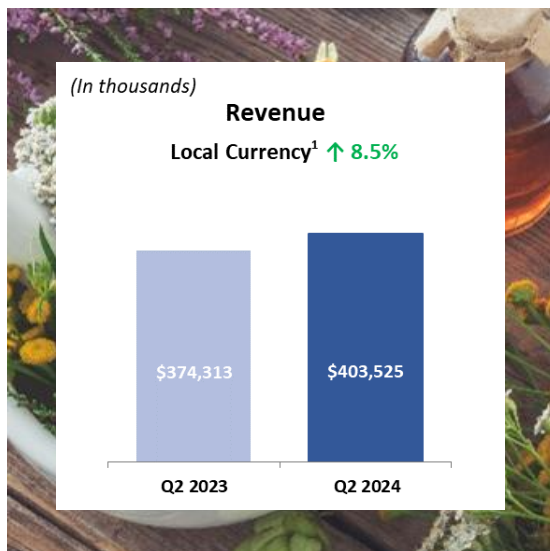
Within this document, the Company reports certain non-GAAP financial measures, including: (1) adjusted operating income, adjusted net earnings, and adjusted diluted earnings per share, which exclude restructuring and other costs, including the Portfolio Optimization Plan costs and (2) percentage changes in revenue, operating income, and diluted earnings per share on an adjusted local currency basis, which eliminate the effects that result from translating its international operations into U.S. dollars and restructuring and other costs, including the Portfolio Optimization Plan costs, and (3) adjusted EBITDA (which excludes Portfolio Optimization Plan costs and non-cash share based compensation expense). The Company has included each of these non-GAAP measures in order to provide additional information regarding our underlying operating results and comparable year-over-year performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. These non-GAAP measures should not be considered in isolation. Rather, they should be considered together with GAAP measures and the rest of the information included in this report. Management internally reviews each of these non-GAAP measures to evaluate performance on a comparative period-to-period basis and to gain additional insight into underlying operating and performance trends, and the Company believes the information can be beneficial to investors for the same purposes. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

Forward Looking Statements

This document contains statements that may constitute “forward-looking statements” within the meaning of Federal securities laws including under “2024 Financial Outlook” and “Business Initiatives and Outlook” in this presentation. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, and other factors concerning the Company’s operations and business environment. Important factors that could cause actual results to differ materially from those suggested by these forward-looking statements and that could adversely affect the Company’s future financial performance include the following: the Company’s ability to manage general business, economic, and capital market conditions, including actions taken by customers in response to such market conditions, and the impact of recessions and economic downturns; the impact of macroeconomic and geopolitical volatility, including inflation and shortages impacting the availability and cost of raw materials, energy, and other supplies, disruptions and delays in the Company’s supply chain, and the conflicts between Russia and Ukraine and Israel and Hamas and other parties in the Middle East; the availability and cost of labor, logistics, and transportation; the pace and nature of new product introductions by the Company and the Company’s customers; the Company’s ability to anticipate and respond to changing consumer preferences and changing technologies; the Company’s ability to successfully implement its growth strategies; the outcome of the Company’s various productivity-improvement and cost-reduction efforts, acquisition and divestiture activities, and Portfolio Optimization Plan; industry, regulatory, legal, and economic factors related to the Company’s domestic and international business; the effects of tariffs, trade barriers, and disputes; growth in markets for products in which the Company competes; industry and customer acceptance of price increases; actions by competitors; the Company’s ability to enhance its innovation efforts and drive cost efficiencies; currency exchange rate fluctuations; and other factors included in “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, and in other documents that the Company files with the SEC. The risks and uncertainties identified above are not the only risks the Company faces. Additional risks and uncertainties not presently known to the Company or that it currently believes to be immaterial also may adversely affect the Company. Should any known or unknown risks and uncertainties develop into actual events, these developments could have material adverse effects on our business, financial condition, and results of operations. This presentation contains time-sensitive information that reflects management’s best analysis only as of the date of this presentation. Except to the extent required by applicable laws, the Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied herein will not be realized.

Quarterly Results and Business Update

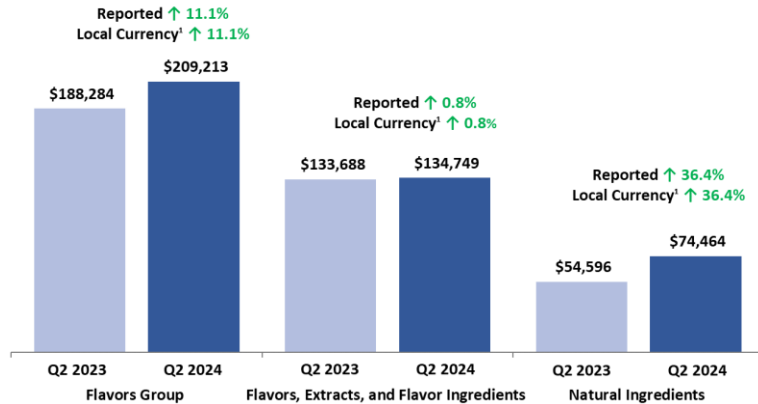
Q2 2024 Consolidated Results



Flavors & Extracts Group Performance

(In thousands)

QTD Revenue



QTD Group Operating Income



Local Currency¹ Results Commentary

Revenue

- Strong volume growth due to new wins
- Revenue increased 11% during the quarter

Operating Income

- Impacted by elevated costs related to certain agricultural inputs in our natural ingredients product line

Group Outlook² Upgraded

- Mid-to high single-digit local currency revenue¹ growth
- Operating leverage to improve sequentially

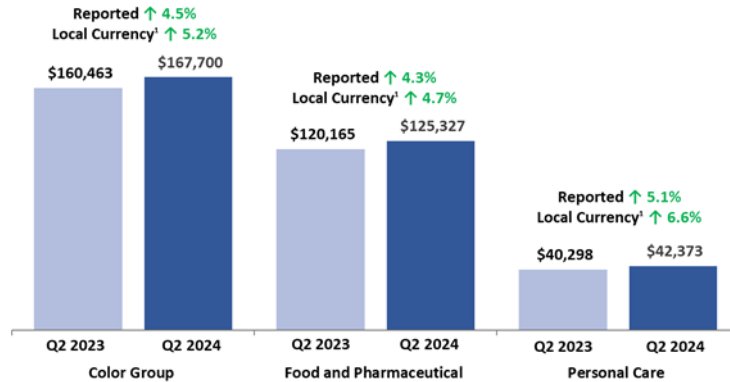
(1) See appendix for our GAAP to Non-GAAP reconciliations.

(2) Represents outlook as of our earnings release provided on July 26, 2024, and does not constitute an update or reissuance as of any later date

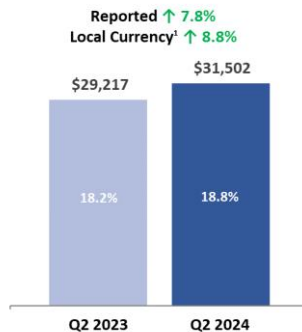
Color Group Performance

(In thousands)

QTD Revenue



QTD Group Operating Income



Local Currency¹ Results Commentary

Revenue

- Increase in revenue driven by new wins
- All product lines contributed to growth in the quarter

Operating Income

- Operating leverage returned due to improved volumes and sales mix

Group Outlook² Upgraded

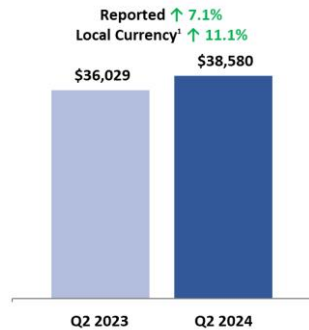
- Mid-to high single-digit local currency revenue¹ growth
- Operating leverage to continue to improve in back half of the year

(1) See appendix for our GAAP to Non-GAAP reconciliations.

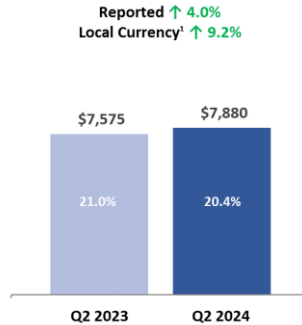
(2) Represents outlook as of our earnings release provided on July 26, 2024, and does not constitute an update or reissuance as of any later date

Asia Pacific Group Performance

(In thousands) QTD Group Revenue



QTD Group Operating Income



Local Currency¹ Results Commentary

Revenue

- Growth driven by increase in new sales win rate
- Growth across most regions in the second quarter

Operating Income

- Growth driven by higher volumes in the Group in second quarter

Group Outlook² Upgraded

- High single-digit local currency revenue¹ growth

(1) See appendix for our GAAP to Non-GAAP reconciliations.

(2) Represents outlook as of our earnings release provided on July 26, 2024, and does not constitute an update or reissuance as of any later date

Business Initiatives and Outlook¹

Business Initiatives

Portfolio Optimization Plan

- On track to deliver \$8 to \$10 million in annual savings, once fully implemented, by the end of 2025
- Project is progressing as expected

Inventory Management

- Reduction of \$45 million in the inventory balance in the first half of 2024

Consolidated Outlook

Local Currency Revenue²

- Growth rate of mid-to high single-digit

Local Currency Adjusted EBITDA²

- Growth rate of mid-to high single-digit

Local Currency Adjusted EPS²

- Growth rate of mid-single-digit

Innovative Natural Colors Support Growth

Sensient has a portfolio of solutions to replace TiO₂ and Red 3

Generally, replacements are not one-size-fits-all and require support from Sensient's application experts

Coupling our broad portfolio of replacements with our technical expertise ensures Sensient can meet our customer needs

Sensient's application expertise and focus on innovation is a pillar of our growth strategy



Financial Update and Outlook

Q2 2024 Financial Review

<i>(dollars in thousands)</i>	Q2 2023	Q2 2024
Revenue	\$ 374,313	\$ 403,525
<i>Local Currency Revenue Growth¹</i>		+8.5%
Operating Income (GAAP)	\$ 51,591	\$ 49,657
<i>Operating Margin</i>	13.8%	12.3%
Adjusted Operating Income ¹	\$ 51,591	\$ 51,409
<i>Adjusted Operating Margin¹</i>	13.8%	12.7%
Diluted EPS (GAAP)	\$ 0.81	\$ 0.73
Adjusted Diluted EPS ¹	\$ 0.81	\$ 0.77
Adjusted EBITDA ¹	\$ 68,530	\$ 69,341

Consolidated Commentary:

- Local currency revenue¹ increased 8.5%
- Q2 2024 results included \$1.8 million of Portfolio Optimization Plan costs (approximately 4 cents per share)
- Operating income impacted by higher year-over-year performance-based compensation
- Operating margin impacted by higher costs in certain agricultural inputs and higher performance-based compensation

2024 Cash Flow and Debt Metrics

	YTD
Cash Flow from Operations	\$ 58.9 million
Capital Expenditures	\$ 22.9 million
Total Debt (as of June 30)	\$ 661.7 million
Net debt to credit adjusted EBITDA ¹	2.6x

Commentary:

- Cash flow from operations improved \$7.2 million compared to 2023, primarily due to a continued focus on improving our inventory position
- Capital expenditures were down \$22.3 million compared to prior year

2024 Financial Outlook¹

Metric	Updated Guidance	Prior Guidance
Local Currency Revenue ²	Mid-to high single-digit growth	Mid-single-digit growth
Local Currency Adjusted EBITDA ²	Mid-to high single-digit growth	Mid-single-digit growth
Diluted EPS (GAAP) ³	\$2.77 to \$2.87	\$2.80 to \$2.90
Local Currency Adjusted Diluted EPS ²	Mid-single-digit growth	Low to mid-single-digit growth
Capital Expenditures	\$65 to \$70 million	~ \$65 million
Adjusted Effective Tax Rate	~ 25%	Between 24% and 25%
Interest Expense	Increase over prior year	Increase over prior year



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Appendix¹

(1) Amounts in thousands, except percentages and per share amounts

Non-GAAP Financial Measures

	Three Months Ended June 30,		
	2024	2023	% Change
Operating income (GAAP)	\$ 49,657	\$ 51,591	(3.7%)
Portfolio Optimization Plan costs – Cost of products sold	207	-	
Portfolio Optimization Plan costs – Selling and administrative expenses	1,545	-	
Adjusted operating income	\$ 51,409	\$ 51,591	(0.4%)
Net earnings (GAAP)	\$ 30,932	\$ 34,033	(9.1%)
Portfolio Optimization Plan costs, before tax	1,752	-	
Tax impact of Portfolio Optimization Plan costs ⁽¹⁾	(214)	-	
Adjusted net earnings	\$ 32,470	\$ 34,033	(4.6%)
Diluted earnings per share (GAAP)	\$ 0.73	\$ 0.81	(9.9%)
Portfolio Optimization Plan costs, net of tax	0.04	-	
Adjusted diluted earnings per share	\$ 0.77	\$ 0.81	(4.9%)

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

⁽¹⁾ Tax impact adjustments were determined based on the nature of the underlying non-GAAP adjustments and their relevant jurisdictional tax rates.

Non-GAAP Financial Measures

	Three Months Ended June 30, 2024			
	Total	Foreign Exchange Rates	Adjustments ⁽¹⁾	Adjusted Local Currency
Revenue				
Flavors & Extracts	11.1%	0.0%	N/A	11.1%
Color	4.5%	(0.7%)	N/A	5.2%
Asia Pacific	7.1%	(4.0%)	N/A	11.1%
Total Revenue	7.8%	(0.7%)	N/A	8.5%
Operating Income				
Flavors & Extracts	7.2%	(0.2%)	0.0%	7.4%
Color	7.8%	(1.0%)	0.0%	8.8%
Asia Pacific	4.0%	(5.2%)	0.0%	9.2%
Corporate & Other	65.0%	0.0%	18.1%	46.9%
Total Operating Income	(3.7%)	(1.4%)	(3.4%)	1.1%
Diluted Earnings Per Share	(9.9%)	(2.5%)	(4.9%)	(2.5%)
Adjusted EBITDA	1.2%	(1.1%)	N/A	2.3%

⁽¹⁾ Adjustments consist of Portfolio Optimization Plan costs.

Non-GAAP Financial Measures

<u>Revenue</u>	<u>Three Months Ended June 30, 2024</u>		
	<u>Total</u>	<u>Foreign Exchange Rates</u>	<u>Local Currency</u>
Flavors, Extracts and Flavor Ingredients	0.8%	0.0%	0.8%
Natural Ingredients	36.4%	0.0%	36.4%
Flavors & Extracts Group	11.1%	0.0%	11.1%
Food and Pharmaceutical	4.3%	(0.4%)	4.7%
Personal Care	5.1%	(1.5%)	6.6%
Color Group	4.5%	(0.7%)	5.2%
Asia Pacific	7.1%	(4.0%)	11.1%
Total revenue	7.8%	(0.7%)	8.5%

Non-GAAP Financial Measures

Results by Segment

Three Months Ended June 30,

<u>Operating Income</u>			Adjusted			
	<u>2024</u>	<u>Adjustments⁽¹⁾</u>	<u>2024</u>	<u>2023</u>	<u>Adjustments⁽¹⁾</u>	<u>2023</u>
Flavors & Extracts	\$ 26,209	\$ -	\$ 26,209	\$ 24,456	\$ -	\$ 24,456
Color	31,502	-	31,502	29,217	-	29,217
Asia Pacific	7,880	-	7,880	7,575	-	7,575
Corporate & Other	(15,934)	1,752	(14,182)	(9,657)	-	(9,657)
Consolidated	<u>\$ 49,657</u>	<u>\$ 1,752</u>	<u>\$ 51,409</u>	<u>\$ 51,591</u>	<u>\$ -</u>	<u>\$ 51,591</u>

⁽¹⁾ Adjustments consist of Portfolio Optimization Plan costs.

Non-GAAP Financial Measures

	<u>Three Months Ended June 30,</u>		
	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Operating income (GAAP)	\$ 49,657	\$ 51,591	(3.7%)
Depreciation and amortization	15,016	14,440	
Share-based compensation expense	2,916	2,499	
Portfolio Optimization Plan costs, before tax	1,752	-	
Adjusted EBITDA	<u>\$ 69,341</u>	<u>\$ 68,530</u>	<u>1.2%</u>

Non-GAAP Financial Measures

	June 30,	
	2024	2023
Debt		
Short-term borrowings	\$ 26,995	\$ 15,436
Long-term debt	634,663	686,589
Credit Agreement adjustments ⁽¹⁾	(18,034)	(19,755)
Net Debt	<u>\$ 643,624</u>	<u>\$ 682,270</u>
Operating income (GAAP)	\$ 151,657	\$ 191,147
Depreciation and amortization	58,955	54,877
Share-based compensation expense	9,078	12,213
Portfolio Optimization Plan costs, before tax	32,405	-
Other non-operating gains ⁽²⁾	(872)	(3,326)
Credit Adjusted EBITDA	<u>\$ 251,223</u>	<u>\$ 254,911</u>
Net Debt to Credit Adjusted EBITDA	2.6x	2.7x

⁽¹⁾ Adjustments include cash and cash equivalents, as described in the Company's Third Amended and Restated Credit Agreement (Credit Agreement), and certain letters of credit and hedge contracts.

⁽²⁾ Adjustments consist of certain financing transaction costs, certain non-financing interest items, and gains and losses related to certain non-cash, non-operating, and/or non-recurring items as described in the Credit Agreement.