



Sensient Technologies Corporation

Third Quarter 2024 Earnings Call

October 25, 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, (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 and adjusted EBITDA Margin (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.

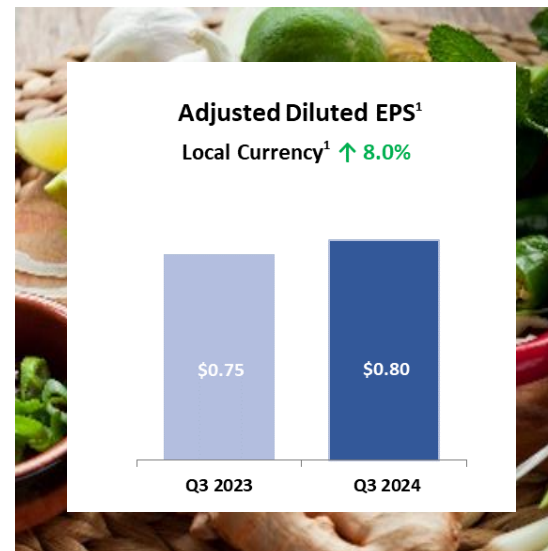
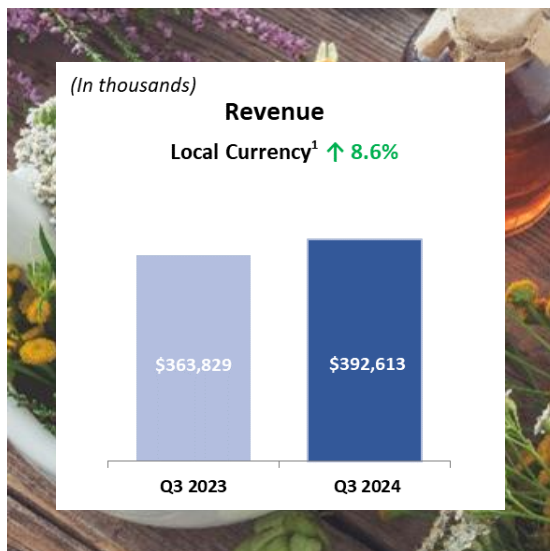
Forward Looking Statements

This document contains statements that may constitute “forward-looking statements” within the meaning of Federal securities laws including under “2024 Financial Outlook”, “Full Year 2024 Group Outlook”, “Long-Term Outlook”, “Consolidated Full Year 2024 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

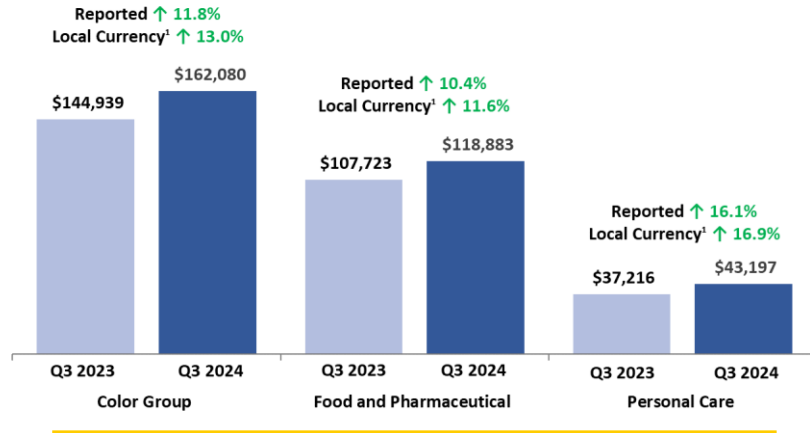
Q3 2024 Consolidated Results



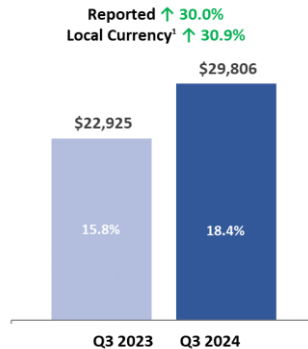
Color Group Performance

(In thousands)

QTD Revenue



QTD Operating Income



Local Currency¹ Results Commentary

Revenue

- Strong volume growth across all product lines in the quarter driven by new wins
- Low single-digit pricing

Operating Results

- Strong operating leverage in the quarter due to volume growth
- Adjusted EBITDA Margin¹ for the Group was 22.2% in Q3 2024 and 19.7% in Q3 2023

Full Year 2024 Group Outlook²

- High single-digit local currency revenue¹ growth
- Strong operating leverage growth to continue in the fourth quarter



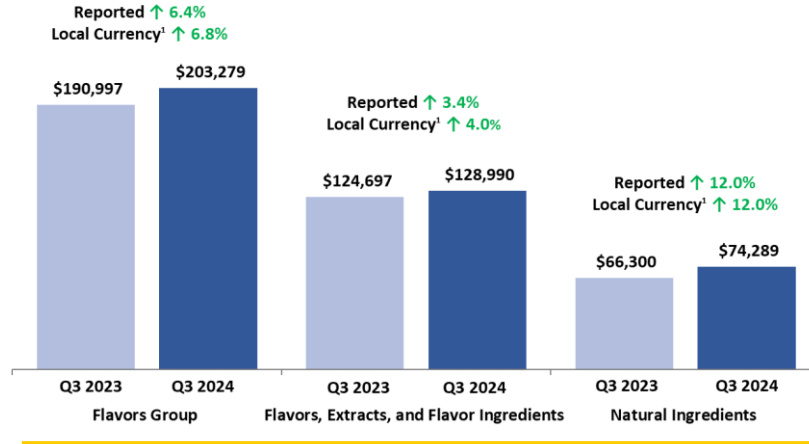
(1) See appendix for our GAAP to Non-GAAP reconciliations.

(2) Represents outlook as of our earnings release provided on October 25, 2024, and does not constitute an update or reissuance as of any later date.

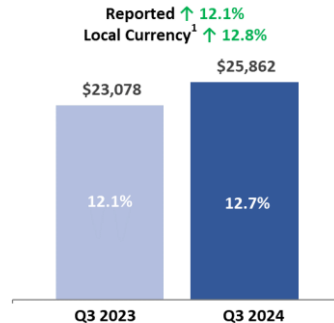
Flavors & Extracts Group Performance

(In thousands)

QTD Revenue



QTD Operating Income



Local Currency¹ Results Commentary

Revenue

- Strong volume growth due to new wins
- Low single-digit pricing

Operating Results

- Operating leverage improved in the quarter due to solid volume growth and select pricing actions
- Adjusted EBITDA Margin¹ for the Group was 16.4% in Q3 2024 and 16.1% in Q3 2023

Full Year 2024 Group Outlook²

- High single-digit local currency revenue¹ growth
- Operating leverage in the fourth quarter to be consistent with third quarter

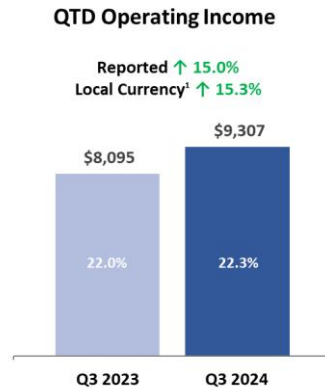
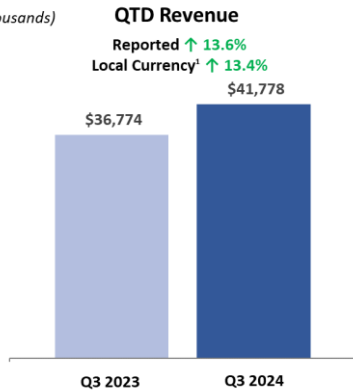


(1) See appendix for our GAAP to Non-GAAP reconciliations.

(2) Represents outlook as of our earnings release provided on October 25, 2024, and does not constitute an update or reissuance as of any later date.

Asia Pacific Group Performance

(In thousands)



Local Currency¹ Results Commentary

Revenue

- Volume growth driven by increase in new sales win rate
- Low single-digit pricing

Operating Results

- Growth driven by higher volumes across the Group in third quarter
- Adjusted EBITDA Margin¹ for the Group was 23.8% in Q3 2024 and 23.7% in Q3 2023

Full Year 2024 Group Outlook²

- High single-digit local currency revenue¹ growth
- Expect continued strong Adjusted EBITDA Margin¹

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

(2) Represents outlook as of our earnings release provided on October 25, 2024, and does not constitute an update or reissuance as of any later date.

Business Initiatives and Outlook¹

Consolidated Full Year 2024 Outlook

Local Currency Revenue²

- Growth rate of high single-digit

Local Currency Adjusted EBITDA²

- Growth rate of high single-digit

Local Currency Adjusted EPS²

- Growth rate of mid-single-digit

Long-Term Outlook

Local Currency Revenue²

- Growth rate of mid-single-digit

Local Currency Adjusted EBITDA²

- Growth rate of high single-digit

Innovative Flavor Technologies

SensaMelts™

- A unique, optimized flavor and color delivery system for use in sweet and savory products subjected to high-heat processes.
- Delivers discrete, impactful pockets of flavor and color in the finished product.



Trueboost™

- Products within the portfolio can enhance the mouthfeel of dairy and non-dairy products and reduce sodium and sugar content while mimicking full sodium or sugar taste.
- Portfolio of flavor technologies that support natural and clean label claims across sweet, beverage, bakery, and savory.



Financial Update and Outlook

Q3 2024 Financial Review

<i>(dollars in thousands)</i>	Q3 2023	Q3 2024	Local Currency Growth ¹
Revenue	\$ 363,829	\$ 392,613	+8.6%
Operating Income (GAAP)	\$ 44,531	\$ 50,520	
<i>Operating Margin</i>	<i>12.2%</i>	<i>12.9%</i>	
Adjusted Operating Income ¹	\$ 44,531	\$ 51,731	+17.1%
<i>Adjusted Operating Margin¹</i>	<i>12.2%</i>	<i>13.2%</i>	
Diluted EPS (GAAP)	\$ 0.75	\$ 0.77	
Adjusted Diluted EPS ¹	\$ 0.75	\$ 0.80	+8.0%
Adjusted EBITDA ¹	\$ 61,820	\$ 69,260	+12.8%
<i>Adjusted EBITDA Margin¹</i>	<i>17.0%</i>	<i>17.6%</i>	

Consolidated Commentary:

- Local currency revenue¹ increased 8.6%
- Q3 2024 results included \$1.2 million of Portfolio Optimization Plan costs (approximately 3 cents per share)
- Adjusted EBITDA Margin¹ improved in the quarter due to strong volume growth across all Groups and select pricing actions

2024 Cash Flow and Debt Metrics

	Q3 2023 YTD	Q3 2024 YTD
Cash Flow from Operations	\$ 106.8 million	\$ 135.8 million
Capital Expenditures	\$ 67.7 million	\$ 36.1 million
Total Debt	\$ 671.4 million	\$ 643.4 million
Net debt to credit adjusted EBITDA ¹	2.6x	2.4x

Commentary:

- Cash flow from operations improved approximately \$29 million compared to 2023, due to strong operating income contribution and continued focus on improving our inventory position
- Capital expenditures were down approximately \$32 million on a year-to-date basis compared to prior year

2024 Financial Outlook¹

Metric	Current Guidance	Prior Guidance
Local Currency Revenue ²	High single-digit growth	Mid-to high single-digit growth
Local Currency Adjusted EBITDA ²	High single-digit growth	Mid-to high single-digit growth
Diluted EPS (GAAP) ³	\$2.77 to \$2.87	\$2.77 to \$2.87
Local Currency Adjusted Diluted EPS ²	Mid-single-digit growth	Mid-single-digit growth
Capital Expenditures	\$60 to \$65 million	\$65 to \$70 million
Adjusted Effective Tax Rate	~ 25%	~ 25%
Interest Expense	Increase over prior year	Increase over prior year

(1) Represents outlook as of our earnings release provided on October 25, 2024, and does not constitute an update or reissuance as of any later date.

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

(3) Diluted EPS (GAAP) includes \$0.18/share of Portfolio Optimization Plan costs. Total plan costs are still expected to be approximately \$40M.



SENSIENT®

A top-down photograph of various spices and herbs arranged on a teal background. Several silver spoons are placed horizontally, each containing a different spice. Spilled piles of these spices are scattered below the spoons. The spices include red and white peppercorns, yellow turmeric powder, dark brown ground spices, bright red paprika, green dried herbs, yellow mustard powder, and greyish-brown seeds. Other items include whole nutmeg, bay leaves, and various seeds and berries.

Appendix¹

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

Non-GAAP Financial Measures

	Three Months Ended September 30,		
	2024	2023	% Change
Operating income (GAAP)	\$ 50,520	\$ 44,531	13.4%
Portfolio Optimization Plan costs – Cost of products sold	209	-	
Portfolio Optimization Plan costs – Selling and administrative expenses	1,002	-	
Adjusted operating income	\$ 51,731	\$ 44,531	16.2%
Net earnings (GAAP)	\$ 32,690	\$ 31,543	3.6%
Portfolio Optimization Plan costs, before tax	1,211	-	
Tax impact of Portfolio Optimization Plan costs ⁽¹⁾	(17)	-	
Adjusted net earnings	\$ 33,884	\$ 31,543	7.4%
Diluted earnings per share (GAAP)	\$ 0.77	\$ 0.75	2.7%
Portfolio Optimization Plan costs, net of tax	0.03	-	
Adjusted diluted earnings per share	\$ 0.80	\$ 0.75	6.7%

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 September 30, 2024			
	Total	Foreign Exchange Rates	Adjustments ⁽¹⁾	Adjusted Local Currency
Revenue				
Flavors & Extracts	6.4%	(0.4%)	N/A	6.8%
Color	11.8%	(1.2%)	N/A	13.0%
Asia Pacific	13.6%	0.2%	N/A	13.4%
Total Revenue	7.9%	(0.7%)	N/A	8.6%
Operating Income				
Flavors & Extracts	12.1%	(0.7%)	0.0%	12.8%
Color	30.0%	(0.9%)	0.0%	30.9%
Asia Pacific	15.0%	(0.3%)	0.0%	15.3%
Corporate & Other	51.1%	0.1%	12.6%	38.4%
Total Operating Income	13.4%	(1.0%)	(2.7%)	17.1%
Diluted Earnings Per Share	2.7%	(1.3%)	(4.0%)	8.0%
Adjusted EBITDA	12.0%	(0.8%)	N/A	12.8%

⁽¹⁾ Adjustments consist of Portfolio Optimization Plan costs.

Non-GAAP Financial Measures

<u>Revenue</u>	<u>Three Months Ended September 30, 2024</u>		
	<u>Total</u>	<u>Foreign Exchange Rates</u>	<u>Local Currency</u>
Flavors, Extracts & Flavor Ingredients	3.4%	(0.6%)	4.0%
Natural Ingredients	12.0%	0.0%	12.0%
Flavors & Extracts Group	6.4%	(0.4%)	6.8%
Food and Pharmaceutical	10.4%	(1.2%)	11.6%
Personal Care	16.1%	(0.8%)	16.9%
Color Group	11.8%	(1.2%)	13.0%
Asia Pacific	13.6%	0.2%	13.4%
Total revenue	7.9%	(0.7%)	8.6%

Non-GAAP Financial Measures

Results by Segment

Three Months Ended September 30,

<u>Operating Income</u>			<u>Adjusted</u>		<u>Adjusted</u>	
	<u>2024</u>	<u>Adjustments⁽¹⁾</u>	<u>2024</u>	<u>2023</u>	<u>Adjustments⁽¹⁾</u>	<u>2023</u>
Flavors & Extracts	\$ 25,862	\$ -	\$ 25,862	\$ 23,078	\$ -	\$ 23,078
Color	29,806	-	29,806	22,925	-	22,925
Asia Pacific	9,307	-	9,307	8,095	-	8,095
Corporate & Other	(14,455)	1,211	(13,244)	(9,567)	-	(9,567)
Consolidated	<u>\$ 50,520</u>	<u>\$ 1,211</u>	<u>\$ 51,731</u>	<u>\$ 44,531</u>	<u>\$ -</u>	<u>\$ 44,531</u>

⁽¹⁾ Adjustments consist of Portfolio Optimization Plan costs.

Non-GAAP Financial Measures

	Three Months Ended September 30,	
	2024	2023
Flavors & Extracts Group		
Operating Income (GAAP)	\$ 25,862	\$ 23,078
Depreciation and amortization	7,576	7,657
Adjusted EBITDA	<u>\$ 33,438</u>	<u>\$ 30,735</u>
Segment Revenue	\$ 203,279	\$ 190,997
Operating Income Margin (GAAP)	12.7%	12.1%
Adjusted EBITDA Margin	16.4%	16.1%

Non-GAAP Financial Measures

Color Group	Three Months Ended September 30,	
	2024	2023
Operating Income (GAAP)	\$ 29,806	\$ 22,925
Depreciation and amortization	6,236	5,615
Adjusted EBITDA	<u>\$ 36,042</u>	<u>\$ 28,540</u>
 Segment Revenue	 \$ 162,080	 \$ 144,939
 Operating Income Margin (GAAP)	 18.4%	 15.8%
Adjusted EBITDA Margin	22.2%	19.7%

Non-GAAP Financial Measures

Asia Pacific Group	Three Months Ended September 30,	
	2024	2023
Operating Income (GAAP)	\$ 9,307	\$ 8,095
Depreciation and amortization	623	617
Adjusted EBITDA	<u>\$ 9,930</u>	<u>\$ 8,712</u>
Segment Revenue	\$ 41,778	\$ 36,774
Operating Income Margin (GAAP)	22.3%	22.0%
Adjusted EBITDA Margin	23.8%	23.7%

Non-GAAP Financial Measures

	Three Months Ended September 30,		
	2024	2023	% Change
Operating Income (GAAP)	\$ 50,520	\$ 44,531	13.4%
Depreciation and amortization	15,460	14,770	
Share-based compensation expense	2,069	2,519	
Portfolio Optimization Plan costs, before tax	1,211	-	
Adjusted EBITDA	<u>\$ 69,260</u>	<u>\$ 61,820</u>	<u>12.0%</u>
Total Revenue	\$ 392,613	\$ 363,829	
Operating Income Margin (GAAP)	12.9%	12.2%	
Adjusted EBITDA Margin	17.6%	17.0%	

Non-GAAP Financial Measures

	September 30,	
	2024	2023
Debt		
Short-term borrowings	\$ 17,811	\$ 22,807
Long-term debt	625,627	648,556
Credit Agreement adjustments ⁽¹⁾	(22,633)	(19,463)
Net Debt	<u>\$ 620,805</u>	<u>\$ 651,900</u>
Operating income (GAAP)	\$ 157,646	\$ 188,185
Depreciation and amortization	59,645	56,565
Share-based compensation expense	8,628	10,947
Portfolio Optimization Plan costs, before tax	33,616	-
Other non-operating gains ⁽²⁾	(998)	(3,783)
Credit Adjusted EBITDA	<u>\$ 258,537</u>	<u>\$ 251,914</u>
Net Debt to Credit Adjusted EBITDA	2.4x	2.6x

⁽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.