

CTS Corporation

Reconciliation of Net Earnings to Adjusted Net Earnings

(\$ in millions)

	Q2		Year-to-Date		Full Year		
	2020	2019	2020	2019	2019	2018	2017
Net earnings (A)	\$ 4.9	\$ 11.9	\$ 8.7	\$ 23.4	\$ 36.1	\$ 46.5	\$ 14.4
Adjustments to reported net earnings:							
Restructuring charges	0.1	0.9	0.4	3.0	7.4	5.1	4.1
Loss on sale of facilities, net of expenses	-	-	-	-	-	-	0.7
Environmental charges	0.8	-	0.8	-	2.3	1.0	-
Legal settlement	-	-	-	-	(0.5)	-	-
Transaction costs	-	-	-	-	0.7	-	0.3
Lease termination charge	-	-	-	-	-	-	0.1
Costs of tax improvement initiatives	-	-	-	-	0.1	1.2	0.2
Pension settlement charge	-	-	-	-	-	-	13.4
Non-cash pension expense	0.6	0.2	1.2	0.4	0.8	-	-
Foreign currency (gain) loss	(0.9)	0.8	0.4	0.4	1.8	2.6	(3.0)
Total adjustments to reported net earnings	\$ 0.7	\$ 1.9	\$ 2.8	\$ 3.8	\$ 12.6	\$ 9.9	\$ 15.8
Total adjustments, tax affected (B)	\$ 0.3	\$ 1.5	\$ 2.2	\$ 2.9	\$ 10.2	\$ 7.6	\$ 9.6
Tax adjustments:							
Increase (decrease) in valuation allowances	0.3	-	0.8	-	-	(1.0)	(1.3)
Other discrete tax items	(0.4)	-	(0.3)	-	1.8	(1.2)	-
Tax impact of U.S. tax reform	-	-	-	-	-	(0.5)	18.0
Tax impact of other foreign taxes	-	-	-	-	-	-	0.4
Total tax adjustments (C)	\$ (0.1)	\$ -	\$ 0.5	\$ -	\$ 1.8	\$ (2.7)	\$ 17.1
Adjusted net earnings (A+B+C)	\$ 5.0	\$ 13.4	\$ 11.4	\$ 26.3	\$ 48.1	\$ 51.4	\$ 41.1
Sales	\$ 84.2	\$ 120.7	\$ 187.3	\$ 238.3	\$ 469.0	\$ 470.5	\$ 423.0
Adjusted net earnings as a % of sales	6.0%	11.1%	6.1%	11.0%	10.3%	10.9%	9.7%