

## NON-GAAP FINANCIAL MEASURES

### Return on Invested Capital

We calculate Return on Invested Capital (ROIC) using trailing four quarter results. We use Net income adjusted for Interest and other non-operating expenses, net (tax-effected at the effective tax rate), divided by average Long-term debt, net, plus average Short-term borrowings and the current portion of long-term debt, plus average Total stockholders' equity from our financial statements as filed with the SEC. We have included ROIC as a supplemental disclosure because we believe that it may be used by our investors, industry analysts and others as a measure of the efficiency and effectiveness of our use of capital.

ROIC is not a measure of financial performance under GAAP. We believe ROIC should be considered in addition to, not as a substitute for, operating income or loss, net income or loss, cash flows provided by or used in operating, investing and financing activities or other income statement or cash flow statement line items reported in accordance with GAAP. Other companies may calculate ROIC differently than we do, which may limit its usefulness as a comparative measure. The table below presents our calculation of ROIC at December 31, 2019 and 2018.

(in thousands)	<u>2019</u>	<u>2018</u>
Numerator (trailing four quarters total):		
Net income	261,575	234,461
Interest and other non-operating expenses, net	23,772	20,896
Less: taxes on Interest and other non-operating expenses, net at 17.7% and 20.1%, respectively	(4,208)	(4,200)
	<u>281,139</u>	<u>251,157</u>
Denominator (average of trailing four quarters):		
Long-term debt, net	595,247	602,984
Short-term borrowings and current portion of long-term debt	17,323	15,190
Total stockholders' equity	346,049	289,979
	<u>958,619</u>	<u>908,153</u>
Return on invested capital	29.3%	27.7%