

AMETEK, Inc.
Reconciliations of GAAP to Non-GAAP Financial Measures
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
EIG Segment operating income (GAAP)	\$ 141,075	\$ 161,659	\$ 577,717	\$ 639,399
Realignment costs	12,355	9,267	12,355	18,518
Indefinite-lived intangibles impairment	9,200	-	9,200	-
Adjusted EIG Segment operating income (Non-GAAP)	<u>\$ 162,630</u>	<u>\$ 170,926</u>	<u>\$ 599,272</u>	<u>\$ 657,917</u>
EMG Segment operating income (GAAP)	\$ 46,692	\$ 60,169	\$ 277,873	\$ 318,098
Realignment costs	11,644	10,764	11,644	17,298
Indefinite-lived intangibles impairment	4,700	-	4,700	-
Adjusted EMG Segment operating income (Non-GAAP)	<u>\$ 63,036</u>	<u>\$ 70,933</u>	<u>\$ 294,217</u>	<u>\$ 335,396</u>
Operating income (GAAP)	\$ 173,222	\$ 208,830	\$ 801,897	\$ 907,716
Realignment costs	25,556	20,711	25,556	36,605
Indefinite-lived intangibles impairment	13,900	-	13,900	-
Adjusted Operating income (Non-GAAP)	<u>\$ 212,678</u>	<u>\$ 229,541</u>	<u>\$ 841,353</u>	<u>\$ 944,321</u>
Net income (GAAP)	\$ 109,108	\$ 136,841	\$ 512,158	\$ 590,859
Realignment costs	25,556	20,711	25,556	36,605
Income tax benefit on realignment costs	(8,578)	(6,843)	(8,578)	(11,929)
Indefinite-lived intangibles impairment	13,900	-	13,900	-
Income tax benefit on indefinite-lived intangibles impairment	(5,310)	-	(5,310)	-
Adjusted Net income (Non-GAAP)	<u>\$ 134,676</u>	<u>\$ 150,709</u>	<u>\$ 537,726</u>	<u>\$ 615,535</u>
Diluted earnings per share (GAAP)	\$ 0.47	\$ 0.57	\$ 2.19	\$ 2.45
Realignment costs	0.11	0.09	0.11	0.15
Income tax benefit on realignment costs	(0.04)	(0.03)	(0.04)	(0.05)
Indefinite-lived intangibles impairment	0.06	-	0.06	-
Income tax benefit on indefinite-lived intangibles impairment	(0.02)	-	(0.02)	-
Adjusted Diluted earnings per share (Non-GAAP)	<u>\$ 0.58</u>	<u>\$ 0.63</u>	<u>\$ 2.30</u>	<u>\$ 2.55</u>
EIG Segment operating margin (GAAP)	22.9%	25.7%	24.5%	26.5%
Realignment costs	2.0	1.5	0.5	0.7
Indefinite-lived intangibles impairment	1.5	-	0.4	-
Adjusted EIG Segment operating margin (Non-GAAP)	<u>26.4%</u>	<u>27.2%</u>	<u>25.4%</u>	<u>27.2%</u>
EMG Segment operating margin (GAAP)	13.1%	16.7%	18.8%	20.4%
Realignment costs	3.3	3.0	0.8	1.1
Indefinite-lived intangibles impairment	1.3	-	0.3	-
Adjusted EMG Segment operating margin (Non-GAAP)	<u>17.7%</u>	<u>19.7%</u>	<u>19.9%</u>	<u>21.5%</u>
Operating income margin (GAAP)	17.8%	21.1%	20.9%	22.8%
Realignment costs	2.6	2.1	0.7	1.0
Indefinite-lived intangibles impairment	1.5	-	0.3	-
Adjusted Operating income margin (Non-GAAP)	<u>21.9%</u>	<u>23.2%</u>	<u>21.9%</u>	<u>23.8%</u>
Effective tax rate (GAAP)	24.9%	25.2%	26.1%	26.7%
Realignment costs	1.4	0.8	0.3	0.3
Indefinite-lived intangibles impairment	0.8	-	0.2	-
Adjusted Effective tax rate (Non-GAAP)	<u>27.1%</u>	<u>26.0%</u>	<u>26.6%</u>	<u>27.0%</u>

Use of Non-GAAP Financial Information

The Company supplements its consolidated financial statements presented on a U.S. generally accepted accounting principles ("GAAP") basis with certain non-GAAP financial information to provide investors with greater insight, increased transparency and allow for a more comprehensive understanding of the information used by management in its financial and operational decision-making. Reconciliation of non-GAAP measures to their most directly comparable GAAP measures are included in the accompanying financial tables. These non-GAAP financial measures should be considered in addition to, and not as a replacement for, or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies.

The Company believes that these measures provide useful information to investors by reflecting additional ways of viewing AMETEK's operations that, when reconciled to the comparable GAAP measure, helps our investors to better understand the long-term profitability trends of our business, and facilitates easier comparisons of our profitability to prior and future periods and to our peers. The items described above have been excluded from this measure because items of this nature and/or size occur with inconsistent frequency, occur for reasons that may be unrelated to AMETEK's commercial performance during the period and/or we believe are not indicative of AMETEK's ongoing operating costs or gains in a given period, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult.

AMETEK, Inc.
Reconciliations of Non-GAAP Financial Measures (Unaudited)

EBITDA

EBITDA represents earnings before interest, income taxes, depreciation and amortization. EBITDA is presented because the Company is aware that it is used by rating agencies, securities analysts, investors and other parties in evaluating the Company. It should not be considered, however, as an alternative to operating income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of the Company's overall liquidity as presented in the Company's consolidated financial statements. The table below presents the reconciliation of net income reported in accordance with U.S. GAAP to EBITDA.

(In millions)	Three Months Ended December 31, 2016	Year Ended December 31,		
		2016	2015	2014
Net income.....	\$ 109.1	\$ 512.2	\$ 590.9	\$ 584.5
Add (deduct):				
Interest expense.....	23.6	94.3	91.8	79.9
Interest income.....	(0.4)	(1.1)	(0.8)	(0.8)
Income taxes.....	36.1	180.9	215.5	220.4
Depreciation.....	20.4	74.8	68.7	63.7
Amortization.....	36.3	104.9	80.8	74.9
EBITDA.....	<u>\$ 225.1</u>	<u>\$ 966.0</u>	<u>\$ 1,046.9</u>	<u>\$ 1,022.6</u>

FREE CASH FLOW

Free cash flow represents cash flow from operating activities less capital expenditures. Free cash flow is presented because the Company is aware that it is used by rating agencies, securities analysts, investors and other parties in evaluating the Company. (Also see EBITDA headnote above). The table below presents the reconciliation of cash flow from operating activities reported in accordance with U.S. GAAP to free cash flow.

(In millions)	Three Months Ended December 31, 2016	Year Ended December 31,		
		2016	2015	2014
Cash provided by operating activities.....	\$ 247.3	\$ 756.8	\$ 672.5	\$ 726.0
Deduct: Capital expenditures.....	(22.8)	(63.3)	(69.1)	(71.3)
Free cash flow.....	224.5	693.5	603.4	654.7
Add: Special U.S. defined benefit pension plans contribution...	-	-	50.0	-
Adjusted free cash flow.....	<u>\$ 224.5</u>	<u>\$ 693.5</u>	<u>\$ 653.4</u>	<u>\$ 654.7</u>

NET DEBT AS A PERCENTAGE OF CAPITALIZATION

Net debt represents total debt, net minus cash and cash equivalents. Net debt is presented because the Company is aware that it is used by rating agencies, securities analysts, investors and other parties in evaluating the Company. (Also see EBITDA headnote above). The table below presents the reconciliation of total debt, net reported in accordance with U.S. GAAP to net debt.

(In millions)	December 31,		
	2016	2015	2014
Total debt, net.....	\$ 2,341.6	\$ 1,938.0	\$ 1,709.0
Less: Cash and cash equivalents.....	(717.3)	(381.0)	(377.6)
Net debt.....	1,624.3	1,557.0	1,331.4
Stockholders' equity.....	3,256.5	3,254.6	3,239.6
Capitalization (net debt plus stockholders' equity).....	<u>\$ 4,880.8</u>	<u>\$ 4,811.6</u>	<u>\$ 4,571.0</u>
Net debt as a percentage of capitalization.....	<u>33.3%</u>	<u>32.4%</u>	<u>29.1%</u>

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	Year Ended December 31,		
	2016	2015	2014
EIG Segment operating income (GAAP)	\$ 577,717	\$ 639,399	\$ 612,992
Realignment costs	12,355	18,518	-
Indefinite-lived intangibles impairment	9,200	-	-
Zygo integration costs	-	-	18,877
Adjusted EIG Segment operating income (Non-GAAP)	<u>\$ 599,272</u>	<u>\$ 657,917</u>	<u>\$ 631,869</u>
EMG Segment operating income (GAAP)	\$ 277,873	\$ 318,098	\$ 335,046
Realignment costs	11,644	17,298	-
Indefinite-lived intangibles impairment	4,700	-	-
Adjusted EMG Segment operating income (Non-GAAP)	<u>\$ 294,217</u>	<u>\$ 335,396</u>	<u>\$ 335,046</u>
Operating income (GAAP)	\$ 801,897	\$ 907,716	\$ 898,586
Realignment costs	25,556	36,605	-
Indefinite-lived intangibles impairment	13,900	-	-
Zygo integration costs	-	-	18,877
Adjusted Operating income (Non-GAAP)	<u>\$ 841,353</u>	<u>\$ 944,321</u>	<u>\$ 917,463</u>
Net income (GAAP)	\$ 512,158	\$ 590,859	\$ 584,460
Realignment costs	25,556	36,605	-
Income tax benefit on realignment costs	(8,578)	(11,929)	-
Indefinite-lived intangibles impairment	13,900	-	-
Income tax benefit on indefinite-lived intangibles impairment	(5,310)	-	-
Zygo integration costs	-	-	18,877
Income tax benefit on Zygo integration costs	-	-	(4,983)
Adjusted Net income (Non-GAAP)	<u>\$ 537,726</u>	<u>\$ 615,535</u>	<u>\$ 598,354</u>
Diluted earnings per share (GAAP)	\$ 2.19	\$ 2.45	\$ 2.37
Realignment costs	0.11	0.15	-
Income tax benefit on realignment costs	(0.04)	(0.05)	-
Indefinite-lived intangibles impairment	0.06	-	-
Income tax benefit on indefinite-lived intangibles impairment	(0.02)	-	-
Zygo integration costs	-	-	0.08
Income tax benefit on Zygo integration costs	-	-	(0.03)
Adjusted Diluted earnings per share (Non-GAAP)	<u>\$ 2.30</u>	<u>\$ 2.55</u>	<u>\$ 2.42</u>
EIG Segment operating margin (GAAP)	24.5%	26.5%	25.3%
Realignment costs	0.5	0.7	-
Indefinite-lived intangibles impairment	0.4	-	-
Zygo integration costs	-	-	0.8
Adjusted EIG Segment operating margin (Non-GAAP)	<u>25.4%</u>	<u>27.2%</u>	<u>26.1%</u>
EMG Segment operating margin (GAAP)	18.8%	20.4%	20.9%
Realignment costs	0.8	1.1	-
Indefinite-lived intangibles impairment	0.3	-	-
Adjusted EMG Segment operating margin (Non-GAAP)	<u>19.9%</u>	<u>21.5%</u>	<u>20.9%</u>
Operating income margin (GAAP)	20.9%	22.8%	22.3%
Realignment costs	0.7	1.0	-
Indefinite-lived intangibles impairment	0.3	-	-
Zygo integration costs	-	-	0.5
Adjusted Operating income margin (Non-GAAP)	<u>21.9%</u>	<u>23.8%</u>	<u>22.8%</u>

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