



# Genuine Parts 1Q21 Earnings Presentation

April 22, 2021



# Genuine Parts Company Snapshot (NYSE: GPC)

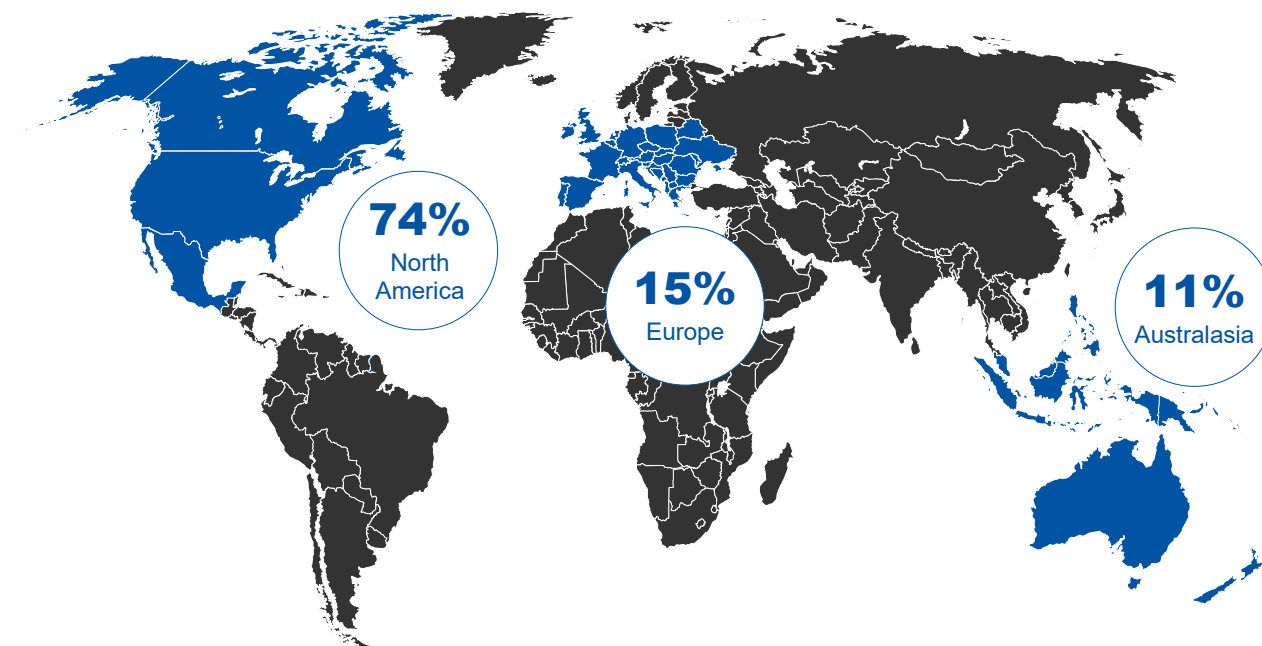
## KEY STATISTICS<sup>1</sup>

Founded	1928
Headquarters	Atlanta, GA
Countries Served	14
Locations	10,469
<ul style="list-style-type: none"> <li>Warehouses</li> <li>Distribution Facilities</li> <li>Retail (Owned/Independent)</li> </ul>	823 182 9,464
Employees	~50,000
Market Capitalization <sup>2</sup>	~\$17.3B

## TTM FINANCIAL HIGHLIGHTS<sup>1</sup>

Revenue	\$16.9B
<ul style="list-style-type: none"> <li>Automotive</li> <li>Industrial</li> </ul>	66% 34%
Segment Profit Margin <sup>3</sup>	8.6%
Free Cash Flow <sup>3</sup>	~\$2.1B
Dividend Yield <sup>4</sup>	2.8%

## GLOBAL FOOTPRINT TTM Revenue by Region<sup>1</sup>



**Leading Global Distributor in Diversified End Markets**



<sup>1</sup> As of 3/31/21 <sup>2</sup> As of 4/16/21 <sup>3</sup> See Appendix C for Segment Profit Margin <sup>4</sup> Calculated based on annual dividend per share divided by share price as of 3/31/21

## Safe Harbor Statement

**FORWARD-LOOKING STATEMENTS:** Some of the comments made during this conference call and information contained in our presentation constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements in the future tense and all statements accompanied by words such as “expect,” “likely,” “outlook,” “forecast,” “preliminary,” “would,” “could,” “should,” “position,” “will,” “project,” “intend,” “plan,” “on track,” “anticipate,” “to come,” “may,” “possible,” “assume,” or similar expressions are intended to identify such forward-looking statements. These forward-looking statements include the Company’s view of business and economic trends for the remainder of the year, the Company’s ability to execute our strategic priorities and capitalize in light of these business and economic trends, and the updated full-year 2021 financial guidance for the Company. The Company cautions that all forward-looking statements involve risks and uncertainties, and while we believe that our expectations for the future are reasonable in view of currently available information, you are cautioned not to place undue reliance on our forward-looking statements. Actual results or events may differ materially from those indicated as a result of various important factors. Such factors may include, among other things, the extent and duration of the disruption to our business operations caused by the global health crisis associated with the COVID-19 pandemic, including the effects on the financial health of our business partners and customers, on supply chains and our suppliers, on vehicle miles driven as well as other metrics that affect our business, and on access to capital and liquidity provided by the financial and capital markets; the Company’s ability to maintain compliance with its debt covenants; the Company’s ability to successfully integrate acquired businesses into the Company’s operations and to realize the anticipated synergies and benefits; the Company’s ability to successfully implement its business initiatives in its two business segments; changes in demand for the Company’s products; the ability to maintain favorable supplier arrangements and relationships; disruptions in global supply chains and in our suppliers’ operations, including as a result of the impact of COVID-19 on our suppliers and our supply chain; changes in national and international legislation or government regulations or policies, including changes to import tariffs, environmental and social policy, infrastructure programs and privacy legislation, and their impact to the Company and its suppliers and customers; changes in general economic conditions, including unemployment, inflation (including the impact of tariffs) or deflation and the United Kingdom’s exit from the European Union and the unpredictability of the impact following such exit; changes in tax laws, regulations, treaties and policies, including the interpretation and enforcement of any of the foregoing; volatile exchange rates; volatility in oil prices; significant cost increases, such as rising fuel and freight expenses; the Company’s ability to successfully attract and retain employees in the current labor market; uncertain credit markets and other macroeconomic conditions; competitive product, service and pricing pressures; failure or weakness in our disclosure controls and procedures and internal controls over financial reporting, including as a result of the work from home environment; the uncertainties and costs of litigation; disruptions caused by a failure or breach of the Company’s information systems, and the other risks and uncertainties discussed in the Company’s latest SEC filings. The statements speak only as of the date they are made, and the Company undertakes no duty to update any forward-looking statements made during this presentation or in these materials except as required by law. Actual results may vary materially and, as such, you are cautioned not to place undue reliance on these forward-looking statements.

**NON-GAAP MEASURES:** This presentation contains adjusted net income from continuing operations, adjusted diluted earnings per share from continuing operations, adjusted EBIT and adjusted EBITDA from continuing operations, segment profit margin and free cash flow, which are financial measures that are not derived in accordance with United States generally accepted accounting principles (“GAAP”). The Company considers these non-GAAP measures useful to investors because they provide greater transparency into management’s view and assessment of the Company’s core operating performance. These measures are widely used by analysts, investors and competitors in our industry, although our calculation of the measure may not be comparable to similar measures disclosed by other companies, because not all companies and analysts calculate these measures in the same manner. The Company does not, nor does it suggest investors should, consider non-GAAP financial measures superior to, in isolation from, or as a substitute for, GAAP financial information. The Company has included reconciliations of this additional information to the most comparable GAAP measure in the appendix of this presentation.



# 1Q21 Highlights

**Paul Donahue**  
Chairman & CEO

## Key Messages

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- 01** Pleased with the **strong start to 2021**
- 02** Ongoing **recovery in our Automotive and Industrial** businesses
- 03** **Focused on execution** and **demonstrated agility** in **delivering strong financial results**
- 04** **Improving sales trends**, **increasing operational efficiencies** and **enhancing customer value**
- 05** Operated with the **physical and mental well-being of our employees the top priority**, as our 50,000+ teammates are the core of our success

**Focus on Teammates as we Deliver Strong Results**



# 1Q21 Performance Highlights<sup>1</sup>

## Financial Update

- \$4.5B Total Sales, increased 9.1%
  - ✓ Monthly daily sales<sup>3</sup> trends: +9% in January, +4% in February, +19% in March
  - ✓ Automotive recovery associated with increase in consumer mobility, stimulus and focus on key strategic initiatives
  - ✓ Continued improvement in Industrial driven by strengthening economy
- Segment Margin Expansion of 180 bps including Gross Margin improvement and continued cost savings
- Net Income of \$218M; \$1.50 Diluted EPS, +79%, or +88% over adjusted earnings last year<sup>2</sup>

## Balance Sheet and Cash Flow

- Strong Balance Sheet and Financial Capacity for Investments in Growth
  - ✓ \$1.1 billion in cash; \$2.6 billion in liquidity
  - ✓ Effective management of key working capital accounts – A/R, Inventory and A/P
  - ✓ Improving debt position, with total debt to adjusted EBITDA<sup>2</sup> at 1.8x compared to 2.5x at March 31, 2020
- Significant YOY increase in first quarter Cash from Operations
  - ✓ Driven by increase in net income and working capital improvement

## Strong Financial Performance to Start 2021



<sup>1</sup> For Continuing Operations Only; See Appendix A for Sales and EPS bridge <sup>2</sup> Refer to Reconciliation of Non-GAAP measures <sup>3</sup> See Appendix B for definition



# Automotive: Highlights, Trends and Initiatives



## Automotive – Total sales +14%

Comp sales<sup>1</sup> up 8% compared to a 2% decrease in 4Q; Segment Profit Margin +250 bps

MACRO	NORTH AMERICA	EUROPE	AUSTRALASIA
<ul style="list-style-type: none"> <li>• <b>Tailwinds:</b> <ul style="list-style-type: none"> <li>– Continued economic recovery</li> <li>– Cold weather in Jan/Feb</li> <li>– Financial stimulus</li> <li>– High volume of used car sales</li> </ul> </li> <li>• <b>Headwinds:</b> <ul style="list-style-type: none"> <li>– Uncertainties associated with COVID-19</li> <li>– Supply chain disruption</li> <li>– Inflation</li> </ul> </li> <li>• <b>Strong long-term industry fundamentals</b> <ul style="list-style-type: none"> <li>– Growing and older car parc</li> <li>– Expectation for improved miles driven trends over longer-term</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>U.S. comp sales<sup>1</sup> +7%</b> <ul style="list-style-type: none"> <li>– <b>Improved from 6% decrease in 4Q</b></li> </ul> </li> <li>• Positive DIY and DIFM sales</li> <li>• Retail on-line sales growth +150% YOY</li> <li>• Commercial sales driven by NAPA AutoCare, Major Accounts and Other</li> <li>• Traffic and ticket both positive</li> <li>• <b>Profit margin expansion +180 bps</b></li> <li>• <b>Canada comp sales<sup>1</sup> +3%</b> <ul style="list-style-type: none"> <li>– Improved from 2% decrease in 4Q</li> </ul> </li> <li>• <b>Profit margin expansion +130 bps</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Comp sales<sup>1</sup> +15%</b> <ul style="list-style-type: none"> <li>– <b>Improved from flat in 4Q</b></li> </ul> </li> <li>• Strengthening sales environment associated with economic recovery           <ul style="list-style-type: none"> <li>– Outperformance in UK and Benelux</li> </ul> </li> <li>• Solid growth across operations           <ul style="list-style-type: none"> <li>– Focus on key accounts</li> <li>– Leading inventory availability</li> </ul> </li> <li>• Ongoing benefit of NAPA Launch across markets – 16 product lines available today</li> <li>• <b>Profit margin expansion +500 bps</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Comp sales<sup>1</sup> +15%</b> <ul style="list-style-type: none"> <li>– <b>In-line with mid-teen growth in 2H 2020</b></li> </ul> </li> <li>• <b>In-line with mid-teen growth in 2H 2020</b></li> <li>• Robust DIY and DIFM sales growth</li> <li>• Maximizing sales opportunities through short-term lockdowns</li> <li>• Continued strength in on-line sales, 3x-4x pre-COVID levels</li> <li>• Expansion of NAPA store strategy across Asia Pac           <ul style="list-style-type: none"> <li>– 38 NAPA stores with plans for more in 2021</li> </ul> </li> <li>• <b>Profit margin expansion +150 bps</b></li> </ul>

## STRATEGIC INITIATIVES IN AUTOMOTIVE

- Sales team effectiveness – more sales reps focused on end-user customer
- Commercial sales programs and promotions – NAPA AutoCare
- Improving inventory availability to ensure more parts for more cars
- Strengthen supply chain through supplier relationships and network optimization
- Omni-channel investments – B2B and B2C – new catalog and search capabilities
- Strategic pricing services and tools to maximize competitiveness
- Value-add services and roll-out of NAPA brand in Europe and Australasia
- Investments to expand our global store footprint across geographies



<sup>1</sup> See Appendix B for definition

# Industrial: Highlights, Trends and Initiatives



**Industrial – Total sales +0.1%**

*Comp sales<sup>1</sup> down 2% compared to a 4% decrease in 4Q; Segment Profit Margin +80 bps*

## MACRO

## NORTH AMERICA

## AUSTRALASIA

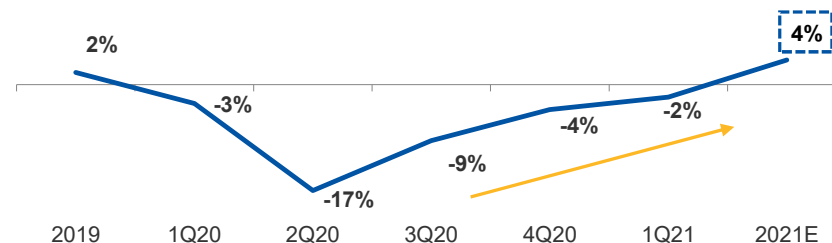
- **Continued improvement in Industrial sales trends**
- Sequential strengthening of industrial economy, despite continued market uncertainties
- **Strong growth outlook for plant automation and robotics solutions**
- Following manufacturing PMI and industrial production as industrial demand indicators – both showing improving trends
  - PMI +4.2% YTD 2021
  - Industrial Production +2.5% in 1Q
- **Projecting positive comp sales over balance of 2021**

- **Strengthening industrial economy and growth initiatives driving improved sales trends**
- Third consecutive quarter of sequential sales improvement
  - Improved sales trends among virtually all product categories and industries served
- Continuing expansion of value-add businesses
  - Automation, Conveyance and Repairs
- Customers operating at higher run rates and releasing capital project orders
- **Profit margin expansion of +70 bps**

- Mi Asia Pac operated well, despite sales decrease
- Benefiting from resiliency of mining industry
- **Profit margin expansion +110 bps**
- **Consistently strong operational performance despite challenging times**
- Steady recovery to pre-pandemic sales levels

## STRATEGIC INITIATIVES IN INDUSTRIAL / IMPROVING COMP SALES<sup>1</sup> TRENDS

- Omni-channel buildout to accelerate e-commerce growth
- Expand industrial services and solutions capabilities
- Considering strategic M&A to further boost products/services offering
- Strategically enhanced pricing and product category management
- Network optimization and automation to further improve productivity



<sup>1</sup> See Appendix B for definition



## Continued Progress Towards ESG Initiatives



**Expanded training and development programs** to ensure personal growth



**Enhanced our comprehensive wellbeing program** focused on emotional, financial, physical and social health of teammates



**Advanced our corporate commitment to diversity and inclusion** by actively recruiting talent representative of the communities we serve



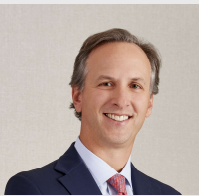
Focused on **mission to be good corporate citizens** where we work and live



**Giving back to communities and causes** that make a difference



**Providing for our Environment, our Employees and the Communities We Serve**



# Strategy Update

**Will Stengel**  
President

# Understanding Customer Needs to Exceed Expectations...

## Executing Multi-year Plans

### Initiatives

- Realign teams
- Streamline processes
- Consolidate facilities
- Improve operational productivity
- Simplify technologies
- Reduce costs

### Goals

- Operating efficiencies
- Faster team execution
- Deliver a better customer experience
- Accelerate profitable growth

### Simplification and Integration

- ✓ Optimize facilities footprint and coverage
- ✓ Simplify and integrate disparate legacy IT systems
- ✓ Streamline back-office support functions
- ✓ Offshore non-customer facing functional support activities
- ✓ Centralize GPC indirect sourcing processes

...and Deliver A Best-in-class Customer Experience

# Investing In Our Core Business...



## Talent

- **Recognize high potential talent, infuse new capabilities** into the organization and recruit diverse talent that is representative of the communities we serve
- Examples include **category management, digital, emerging technology and field leadership** roles



## Salesforce Effectiveness

- **Data and analytics to understand our unique customer segments**, the different needs of each segment and associated strategies to serve the segment is a foundational element
- Reflect our omnichannel initiatives and include an **increasing mix of both traditional selling and digital strategies**



## Digital

- **A foundational priority** as we deliver a best-in-class customer experience and profitable growth
- Invest in foundational digital elements including **catalog, search, and other critical customer experience elements such as ease of ordering, pricing and analytics**



## Supply Chain

- Ensure we have the **“right” product**, available in the **“right” market** at the **“right” time** through continuous improvements in inventory, facility, productivity, logistics and technology
- Recent facility **automation investments** delivered 500% labor productivity improvement



## Emerging Technology

- **Aspire to lead in emerging technologies** present for our industries
- **Unique positioning to leverage opportunities** including our scaled global footprint, diverse portfolio, leading global brands, established customer and supplier relationships and One GPC team approach

✓ **Strategic bolt-on acquisitions** remain a key part of our GPC growth strategy

✓ **Acquisition pipeline** remains active and actionable

✓ **Continue to refine our processes** to move faster, be disciplined and create value

...with Focus to Execute Initiatives and Deliver Performance



# 1Q21 Financial Performance

**Carol Yancey**  
EVP and CFO

# 1Q21 Financial Results

(\$M, except per share data)

Sales <sup>1</sup>	Gross Profit <sup>1</sup>	Adj. Op/Non-Op Expenses <sup>1</sup>	Segment Profit <sup>1</sup>	Adj. EPS <sup>1</sup>
+9.1%	+11%	+2.1%	+40.7%	+87.5%
<p>\$4,093 (1Q20) vs \$4,465 (1Q21)</p>	<p>\$1,388 (33.9%) (1Q20) vs \$1,541 (34.5%) (1Q21) +60 bps</p>	<p>\$1,229 (30.0%) (1Q20) vs \$1,255 (28.1%) (1Q21) -190 bps</p>	<p>\$257 (6.3%) (1Q20) vs \$361 (8.1%) (1Q21) +180 bps</p>	<p>\$0.80 (1Q20) vs \$1.50 (1Q21)</p>
<ul style="list-style-type: none"> <li>Reported sales up 9.1%</li> <li><b>+4.6%<sup>2</sup> comp sales</b> <ul style="list-style-type: none"> <li>Business and economic recovery across regions</li> </ul> </li> <li>+0.8% acquisitions</li> <li>+3.8% foreign currency</li> <li>Minimal benefit from price inflation YTD</li> </ul>	<ul style="list-style-type: none"> <li><b>14 consecutive quarterly increases in Gross Margin</b></li> <li>Driven by benefits of:           <ul style="list-style-type: none"> <li>Sales mix</li> <li>Product mix</li> <li>Strategic category mgmt. initiatives</li> <li>Pricing initiatives</li> <li>Global sourcing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>Adj. SG&amp;A<sup>1</sup> +5.3% YOY</b></li> <li>2020 permanent and temporary cost savings initiatives</li> <li>Ongoing expense management</li> <li>Additional tailwinds:           <ul style="list-style-type: none"> <li>Gains on sale of real estate</li> <li>Favorable retirement plan valuation adjustments</li> <li>Lower provision for doubtful accounts and interest</li> </ul> </li> <li>Headwinds:           <ul style="list-style-type: none"> <li>Potential for cost increases</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Gross margin expansion</li> <li>SG&amp;A cost management</li> <li><b>Strong margin expansion in both Automotive and Industrial</b> <ul style="list-style-type: none"> <li>Margin expansion in all four Automotive and in both Industrial markets/regions for the third consecutive quarter</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>3rd consecutive quarter of double-digit Adj. EPS growth</b></li> <li>Reported earnings per diluted share \$1.50</li> <li>Tax rate improved to 23.8% compared to an adjusted rate of 26.5%<sup>1</sup> in 1Q20</li> </ul>



Note: All comparisons are YoY unless otherwise stated <sup>1</sup> Excludes discontinued operations. For 1Q20, adjusted SG&A, adjusted op / non-op expenses, adjusted EPS and adjusted tax rate exclude restructuring, gain on insurance proceeds related to SPR fire and transaction and other costs. These amounts are non-GAAP measures (See Reconciliation of Non-GAAP Measures) <sup>2</sup> See Appendix B for definition



# 1Q21 Segment Performance

(\$M)

## Automotive

## Industrial

### Sales

### Segment Profit

### Sales

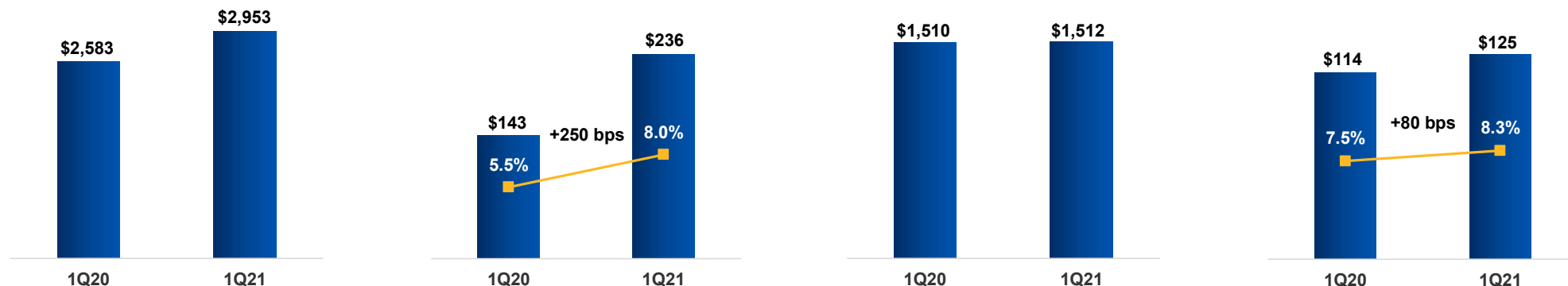
### Segment Profit

+14.3%

+65.3%

+0.1%

+10%



### Automotive Highlights

- Total sales +14.3% compared to +0.7% in 4Q20 and +6% in 3Q20
- Positive DIY and DIFM growth
- Sales improvement a function of economic recovery and growth initiatives
- **Record U.S. Automotive sales in March**
- Sales in Europe and Australasia outperformed with mid-teen growth
- **Improved profit margin in every market/region for the 3rd consecutive quarter**

### Industrial Highlights

- Total sales +0.1% compared to (3.3%) in 4Q and (9%)<sup>1</sup> in 3Q
  - **Record Motion North America sales in March**
- Includes benefit of three strategic bolt-on acquisitions closed in 3Q20
  - Strengthens position in automation and hydraulics
- **Improved profit margin in both markets/regions for the 3rd consecutive quarter**
- Mi Asia Pac – performing well with steady and consistent operating results



Note: All comparisons are YoY unless otherwise stated. <sup>1</sup>Sales exclude divestitures. These amounts are non-GAAP measures (See Reconciliation of Non-GAAP Measures).

# Strong Balance Sheet and Robust Cash Generation

## BALANCE SHEET HIGHLIGHTS<sup>1</sup> (\$B)

Cash / Cash Equivalents	\$1.1
Accounts Receivable	\$1.8
Inventory	\$3.6
<b>Total Assets</b>	<b>\$13.9</b>
Accounts Payable	\$4.5
Total Debt	\$2.6
<b>Total Liabilities</b>	<b>\$10.6</b>
Working Capital <sup>2</sup>	\$1.3

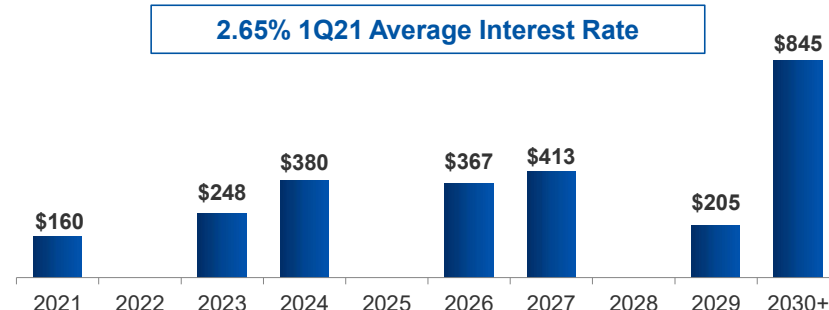
## LIQUIDITY PROFILE<sup>1</sup> (\$B)

Total Credit Capacity <sup>3</sup>	\$4.1
Less Total Debt:	(\$2.6)
Unused Credit Capacity	\$1.5
Cash	\$1.1
<b>Total Available Liquidity</b>	<b>\$2.6</b>

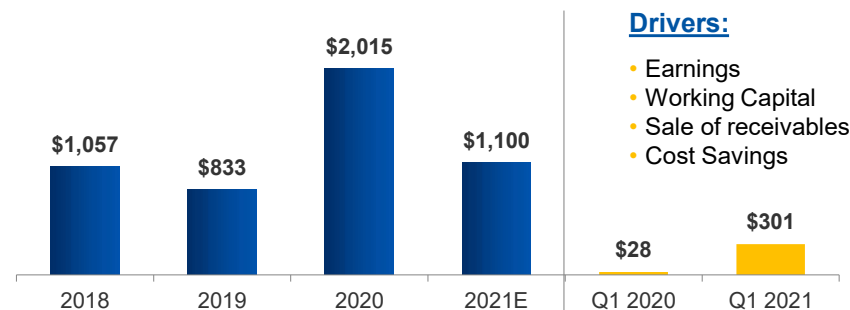
**Total debt to adj EBITDA (TTM)<sup>4</sup>**

**1.8x**

## DEBT MATURITY SCHEDULE<sup>1</sup> (\$M)



## CASH FLOW FROM OPERATIONS (\$M)



- **Continued strong cash flow** to support growth initiatives and effective allocation of capital
- **Steady debt position and favorable financial arrangements**
- **Total debt to adjusted EBITDA<sup>4</sup> improved to 1.8x at March 31, 2021 from 2.5x in the prior year**

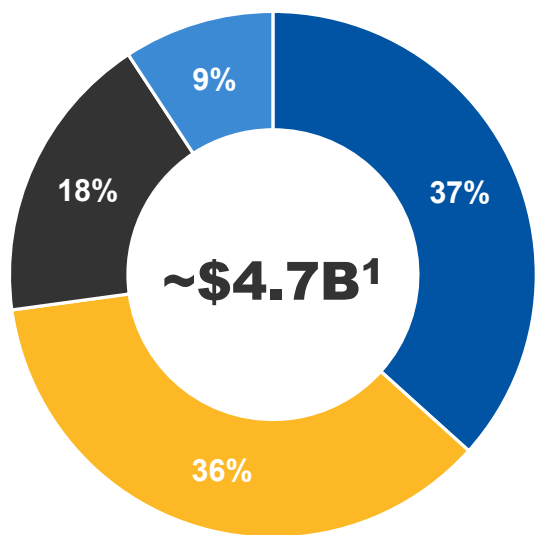
## Ample Liquidity and Financial Strength to Support Growth Strategy



<sup>1</sup> As of 3/31/2021 <sup>2</sup> Working capital is defined as current assets less current liabilities <sup>3</sup> Total credit capacity represents total committed capacity under the revolving credit facility plus the amount of all other debt outstanding <sup>4</sup> These amounts are Non-GAAP measures (See Reconciliation of Non-GAAP Measures )

# Disciplined Capital Allocation

## 2017-2020 Capital Deployment



■ M&A ■ Dividend ■ Reinvestment ■ Share Repurchases

## Current Priorities

### Reinvestment

- Projecting 2021 CapEx of ~\$300M

### M&A

- Targeting strategic bolt-on acquisitions for 2021

### Share Repurchases

- Reinstated plan for opportunistic share repurchases

### Dividend

- 2021 cash dividend of \$3.26 per share, +3% from 2020
- 65<sup>th</sup> consecutive year of increased dividends paid to our shareholders

## Resuming Normalized Levels of Capital Allocation in 2021



<sup>1</sup> Includes proceeds from divestitures.

## 2021 Outlook

### 2021 Guidance\*

Total Sales Growth	5% to 7%
Automotive	5% to 7%
Industrial	4% to 6%
EPS	\$5.85 to \$6.05
EPS Growth	11% to 15%
Cash from Operations	\$1.0B to \$1.2B
Free Cash Flow <sup>1</sup>	\$700M to \$900M

### ASSUMPTIONS



- Corporate expenses of ~\$150 million
- Capex of ~\$300 million
- Depreciation and amortization \$280 to \$290 million
- Interest expense of \$70 to \$72 million
- Tax rate of 24.5% to 25.5%






### Strong Outlook with Strategic Growth Plans



\*Our guidance considers several factors, including the continued uncertainty related to the COVID-19 pandemic and its potential impact on our results. We will update full-year guidance during 2021, as appropriate. <sup>1</sup>These amounts are non-GAAP measures (See Reconciliation of Non-GAAP Measures)

## Closing Remarks

### *Optimistic for strong financial results in quarters ahead*

-  Entering the second quarter with **positive sales and operating momentum**
-  Excited for ongoing **recovery in the global economy** and **future growth prospects** for our Automotive and Industrial business segments
-  **Strong balance sheet** provides **financial flexibility** to pursue **strategic growth opportunities**
-  Focused on executing plans to **capture profitable growth, generate strong cash flow and drive shareholder value**
-  **Thank you to our teammates** for their continued support, dedication and commitment to serving our customers and being the best

**Well-Positioned to Drive Profitable Growth, Cash Flow and Shareholder Value**



# Q&A



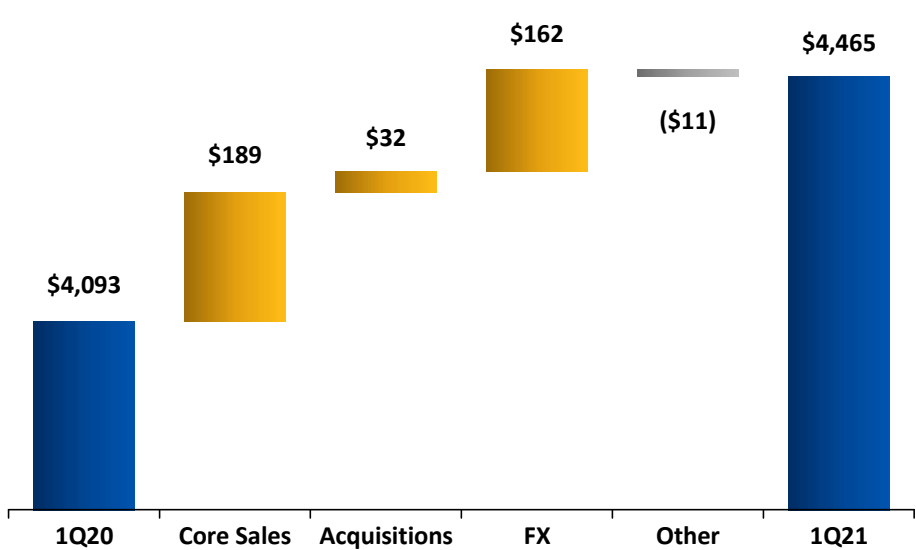


# Appendix

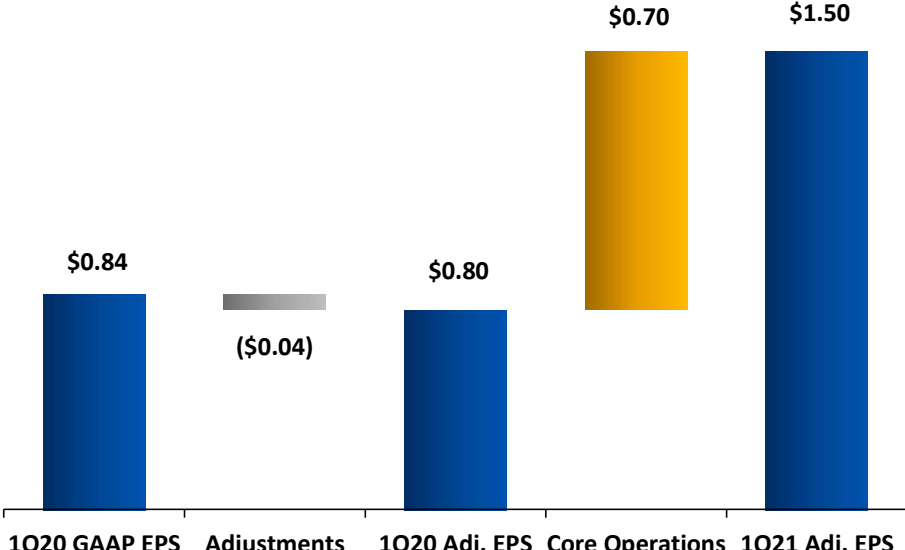
# Consolidated Net Sales and Diluted EPS Bridge

# Appendix A

### Net Sales (\$M)



### Diluted Earnings Per Share



## Other Information

## Appendix B

**Comparable Sales:** Comparable sales refer to period-over-period comparisons of our sales excluding the impact of acquisitions, divestitures and foreign currency. The Company considers this metric useful to investors because it provides greater transparency into management's view and assessment of the Company's core ongoing operations. This metric is widely used by analysts, investors and competitors in our industry, although our calculation of the metric may not be comparable to similar measures disclosed by other companies, because not all companies and analysts calculate this metric in the same manner.

**Daily Sales:** Daily sales represents the amounts invoiced to the Company's customers each day. Daily sales do not represent GAAP-based sales because, among other things, invoices are not always generated at the same time goods and services are delivered to customers and the amounts do not include adjustments for estimates of returns, rebates or other forms of variable consideration. Management uses this metric to monitor demand trends at each of its subsidiaries throughout each month for the purposes of monitoring performance against forecasts and to make operational decisions. The Company considers this metric useful to investors because it provides greater transparency into management's view and assessment of the Company's core ongoing operations. The calculation of this metric may not be comparable to similar measures disclosed by other companies, because not all companies and analysts calculate this metric in the same manner.

## Segment Data

## Appendix C

(in thousands)	2021	2021	2020			
	TTM Q1	Q1	Q1	Q2	Q3	Q4
<b>Net sales:</b>						
Automotive	\$ 11,231,175	\$ 2,953,165	\$ 2,582,685	\$ 2,495,799	\$ 2,960,379	\$ 2,821,832
Industrial	5,678,446	1,511,549	1,509,841	1,327,428	1,409,707	1,429,762
<b>Total net sales</b>	<b>16,909,621</b>	<b>4,464,714</b>	<b>4,092,526</b>	<b>3,823,227</b>	<b>4,370,086</b>	<b>4,251,594</b>
<b>Segment profit:</b>						
Automotive	960,843	235,678	142,578	218,906	266,124	240,135
Industrial	493,213	125,292	113,933	108,928	125,620	133,373
<b>Total segment profit</b>	<b>1,454,056</b>	<b>360,970</b>	<b>256,511</b>	<b>327,834</b>	<b>391,744</b>	<b>373,508</b>
Interest expense, net	(89,504)	(18,324)	(19,868)	(24,876)	(25,221)	(21,083)
Intangible asset amortization	(97,766)	(25,544)	(22,740)	(23,256)	(24,223)	(24,743)
Corporate expense	(125,936)	(31,243)	(55,061)	(28,613)	(33,379)	(32,701)
Other unallocated costs	(636,216)	—	1,751	(555,525)	(11,256)	(69,435)
<b>Income (Loss) before income taxes from continuing operations</b>	<b>504,634</b>	<b>285,859</b>	<b>160,593</b>	<b>(304,436)</b>	<b>297,665</b>	<b>225,546</b>
Income taxes from continuing operations	(245,875)	(68,149)	(38,247)	(59,065)	(64,747)	(53,914)
<b>Net income from continuing operations</b>	<b>\$ 258,759</b>	<b>\$ 217,710</b>	<b>\$ 122,346</b>	<b>\$ (363,501)</b>	<b>\$ 232,918</b>	<b>\$ 171,632</b>
<b>Segment profit margin:</b>						
Automotive	8.6%	8.0%	5.5%	8.8%	9.0%	8.5%
Industrial	8.7%	8.3%	7.5%	8.2%	8.9%	9.3%
<b>Total segment profit margin</b>	<b>8.6%</b>	<b>8.1%</b>	<b>6.3%</b>	<b>8.6%</b>	<b>9.0%</b>	<b>8.8%</b>

# Reconciliation of Non-GAAP Financial Measures

## Appendix D

### Adjusted Net Income from Continuing Operations

(in thousands)	2021	2021	2020			
	TTM Q1	Q1	Q1	Q2	Q3	Q4
GAAP net income (loss) from continuing operations	\$ 258,759	\$ 217,710	\$ 122,346	\$ (363,501)	\$ 232,918	\$ 171,632
Adjustments:						
Goodwill impairment charge (1)	506,721	—	—	506,721	—	—
Restructuring costs (2)	47,037	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (3)	11,356	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (4)	(1,166)	—	(12,282)	(1,166)	—	—
Inventory adjustment (5)	40,000	—	—	—	—	40,000
Transaction and other costs (6)	32,268	—	7,549	13,555	288	18,425
Total adjustments	636,216	—	(1,751)	555,525	11,256	69,435
Tax impact of adjustments	(29,012)	—	(3,810)	(1,500)	(7,423)	(20,089)
Adjusted net income from continuing operations	<u>\$ 865,963</u>	<u>\$ 217,710</u>	<u>\$ 116,785</u>	<u>\$ 190,524</u>	<u>\$ 236,751</u>	<u>\$ 220,978</u>
(in thousands, except per share and per share data)	2021	2021	2020			
	TTM Q1	Q1	Q1	Q2	Q3	Q4
Diluted net income (loss) from continuing operations per common share	\$ 1.78	\$ 1.50	\$ 0.84	\$ (2.52)	\$ 1.61	\$ 1.18
Adjustments:						
Goodwill impairment charge (1)	3.49	—	—	3.51	—	—
Restructuring costs (2)	0.32	—	0.02	0.17	0.07	0.08
Realized currency loss on divestitures (3)	0.08	—	—	0.08	—	—
Gain on insurance proceeds related to SPR Fire (4)	(0.01)	—	(0.08)	(0.01)	—	—
Inventory adjustment (5)	0.28	—	—	—	—	0.28
Transaction and other costs (6)	0.22	—	0.05	0.10	—	0.12
Total adjustments	4.38	—	(0.01)	3.85	0.07	0.48
Tax impact of adjustments	(0.20)	—	(0.03)	(0.01)	(0.05)	(0.14)
Adjusted net income from continuing operations	<u>\$ 5.96</u>	<u>\$ 1.50</u>	<u>\$ 0.80</u>	<u>\$ 1.32</u>	<u>\$ 1.63</u>	<u>\$ 1.52</u>
Weighted average common shares outstanding — assuming dilution	145,300	145,300	145,623	144,262	145,035	145,160



# Reconciliation of Non-GAAP Financial Measures (Cont.)

# Appendix D

## Adjusted EBIT and Adjusted EBITDA

(in thousands)	2021	2021	2020			
	TTM Q1	Q1	Q1	Q2	Q3	Q4
GAAP net income (loss) from continuing operations	\$ 258,759	\$ 217,710	\$ 122,346	\$ (363,501)	\$ 232,918	\$ 171,632
interest expense, net	89,504	18,324	19,868	24,876	25,221	21,083
Income taxes from continuing operations	245,875	68,149	38,247	59,065	64,747	53,914
EBIT	594,138	304,183	180,461	(279,560)	322,886	246,629
Goodwill impairment charge (1)	506,721	—	—	506,721	—	—
Restructuring costs (2)	47,037	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (3)	11,356	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (4)	(1,166)	—	(12,282)	(1,166)	—	—
Inventory adjustment (5)	40,000	—	—	—	—	40,000
Transaction and other costs (6)	32,268	—	7,549	13,555	288	18,425
Adjusted EBIT	<u>\$ 1,230,354</u>	<u>\$ 304,183</u>	<u>\$ 178,710</u>	<u>\$ 275,965</u>	<u>\$ 334,142</u>	<u>\$ 316,064</u>

(in thousands)	2021	2021	2020			
	TTM Q1	Q1	Q1	Q2	Q3	Q4
GAAP net income (loss) from continuing operations	\$ 258,759	\$ 217,710	\$ 122,346	\$ (363,501)	\$ 232,918	\$ 171,632
Depreciation and amortization	277,884	72,296	67,254	66,733	69,097	69,758
interest expense, net	89,504	18,324	19,868	24,876	25,221	21,083
Income taxes from continuing operations	245,875	68,149	38,247	59,065	64,747	53,914
EBITDA	872,022	376,479	247,715	(212,827)	391,983	316,387
Goodwill impairment charge (1)	506,721	—	—	506,721	—	—
Restructuring costs (2)	47,037	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (3)	11,356	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (4)	(1,166)	—	(12,282)	(1,166)	—	—
Inventory adjustment (5)	40,000	—	—	—	—	40,000
Transaction and other costs (6)	32,268	—	7,549	13,555	288	18,425
Adjusted EBITDA	<u>\$ 1,508,238</u>	<u>\$ 376,479</u>	<u>\$ 245,964</u>	<u>\$ 342,698</u>	<u>\$ 403,239</u>	<u>\$ 385,822</u>





## Explanation of Adjustments

## Appendix D

- (1) **Goodwill Impairment Charge:** Adjustment reflects a second quarter goodwill impairment charge related to our European reporting unit.
- (2) **Restructuring Costs:** Adjustment reflects restructuring costs related to the execution of the 2019 Cost Savings Plan announced in the fourth quarter of 2019. The costs are primarily associated with severance and other employee costs, including a voluntary retirement program, and facility and closure costs related to the consolidation of operations.
- (3) **Realized Currency Loss:** Adjustment reflects realized currency losses related to divestitures.
- (4) **Gain on Insurance Proceeds Related to SPR Fire:** Adjustment reflects insurance recoveries in excess of losses incurred on inventory, property, plant and equipment and other fire-related costs related to the S.P. Richards Headquarters and Distribution Center.
- (5) **Inventory Adjustment:** Adjustment reflects a \$40 million charge to cost of goods sold due to the correction of an immaterial error related to the accounting in prior years for consideration received from vendors.
- (6) **Transaction and Other Costs:** Adjustment includes \$6.0 million of incremental costs associated with COVID-19 for the three months ended March 31, 2020 and costs associated with certain divestitures. COVID-19 related costs include incremental costs incurred relating to fees to cancel marketing events and increased cleaning and sanitization materials, among other things. For the twelve months ended December 31, 2020, adjustments include a \$17 million loss on investment, \$10 million of incremental costs associated with COVID-19 and costs associated with certain divestitures.

## Reconciliation of Non-GAAP Financial Measures (Cont.)

## Appendix D

### Adjusted SG&A

(in thousands)	Three Months Ended March 31,		QTD Change	
	2021	2020	\$ Change	% Change
GAAP Selling, administrative and other	\$ 1,195,164	\$ 1,142,697	\$ 52,467	4.6%
Transaction and other costs	-	(7,549)	7,549	(100.0)%
Adjusted Selling, administrative and other	\$ 1,195,164	\$ 1,135,148	\$ 60,016	5.3%
Adjusted Selling, administrative and other as a percent of GAAP net sales	26.8%	27.7%		(90) bps

### Adjusted Operating and Non-Operating Expenses

(in thousands)	Three Months Ended March 31,		QTD Change	
	2021	2020	\$ Change	% Change
GAAP operating and non-operating expenses	\$ 1,254,956	\$ 1,227,585	\$ 27,371	2.2%
Adjustments:				
Transaction and other costs	-	7,549	(7,549)	(100.0)%
Restructuring costs	-	2,982	(2,982)	(100.0)%
Gain on insurance proceeds related to SPR Fire	-	(12,282)	12,282	(100.0)%
Less: Total Adjustments (1)	-	(1,751)	1,751	(100.0)%
Adjusted operating and non-operating expenses	\$ 1,254,956	\$ 1,229,336	\$ 25,620	2.1%
Adjusted operating and non-operating expenses as a percent of GAAP net sales	28.1%	30.0%		(190) bps

## Reconciliation of Non-GAAP Financial Measures (Cont.)

## Appendix D

### Adjusted Tax Rate

(in thousands)	Three Months Ended March 31,	
	2021	2019
GAAP Income before taxes	\$ 285,859	\$ 160,593
Total adjustments (1)	-	(1,751)
Adjusted income before taxes	\$ 285,859	\$ 158,842
GAAP Income taxes	\$ 68,149	\$ 38,247
Tax impact of adjustments	-	3,810
Adjusted income taxes	\$ 68,149	\$ 42,057
GAAP tax rate	23.8%	23.8%
Adjusted tax rate	23.8%	26.5%

(1) Refer to adjusted net income from continuing operations and adjusted diluted earnings per share from continuing operations reconciliation for explanation of pre-tax adjustments

### Sales excluding divestitures for the three months ended September 30, 2020

(in thousands)	2019			2020		
	GAAP Total Net Sales	Divestitures	Net Sales Excluding Divestitures	GAAP Total Net Sales	\$ Change	% Change
Automotive	\$ 2,792,453	\$ -	\$ 2,792,453	\$ 2,960,379	167,926	6.0%
Industrial	1,732,831	189,626	1,543,205	1,409,707	(133,498)	(8.7)%
<b>Total Net Sales</b>	<b>\$ 4,525,284</b>	<b>\$ 189,626</b>	<b>\$ 4,335,658</b>	<b>\$ 4,370,086</b>	<b>34,428</b>	<b>0.8%</b>



# Reconciliation of Non-GAAP Financial Measures

## Appendix D

### Free Cash Flow

(in thousands)	TTM March 31, 2021
Net cash provided by operating activities	\$ 2,287,604
Less: Purchases of property, plant and equipment	(162,979)
Free Cash Flow	<u>\$ 2,124,625</u>

	Updated Outlook YE December 31, 2021
Net cash provided by operating activities from continuing operations	\$1.0 billion to \$1.2 billion
Purchases of property, plant and equipment	Approximately \$300 million
Free Cash Flow	<u>\$700 million to \$900 million</u>