

Q2 2021 Earnings Presentation

July 22, 2021

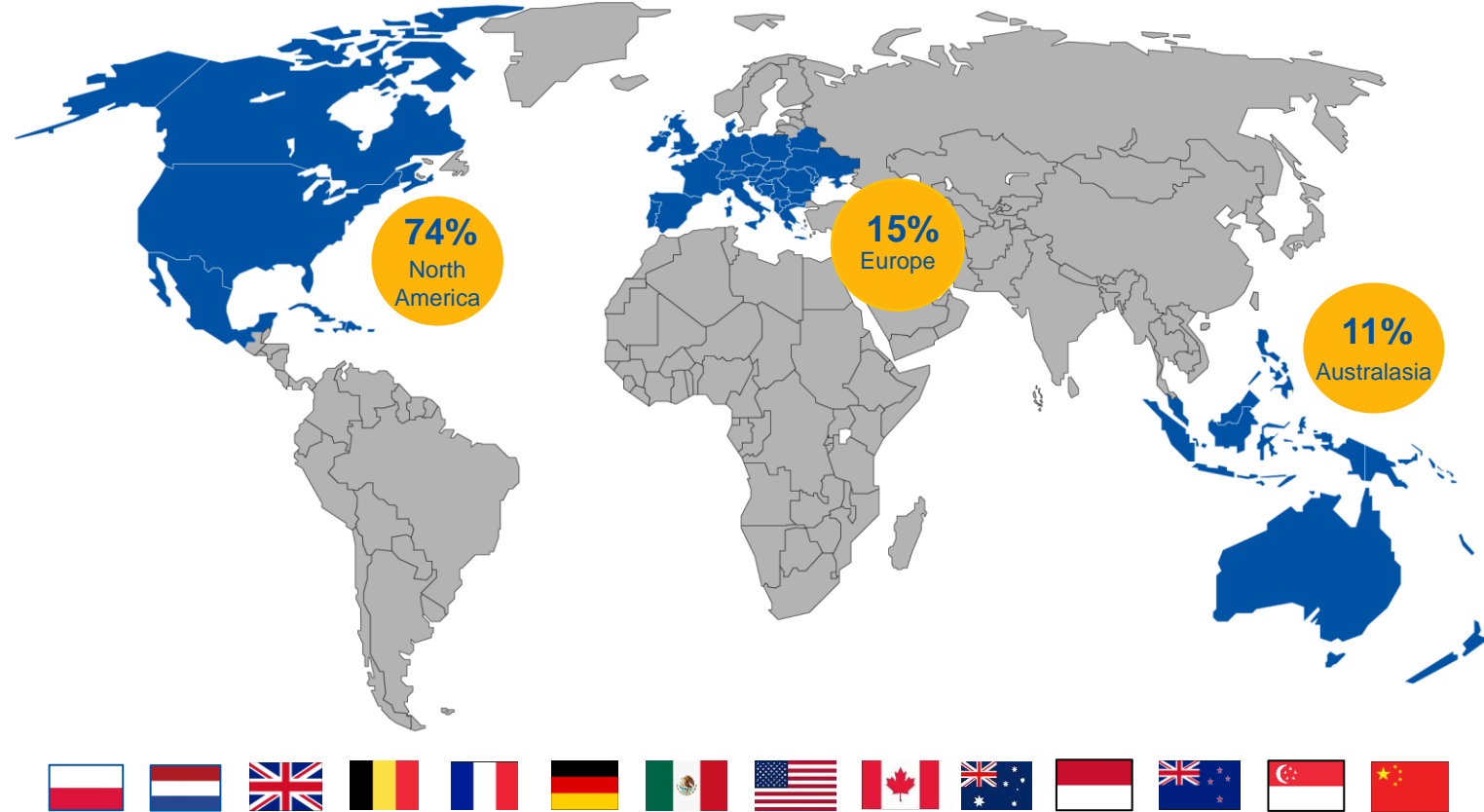


Genuine Parts Company Snapshot (NYSE: GPC)

KEY STATISTICS¹

Founded	1928
Headquarters	Atlanta, GA
Countries Served	14
Locations	10,538
<ul style="list-style-type: none"> Warehouses Distribution Facilities Retail (Owned/Independent) 	878 189 9,471
Employees	~52,000
Market Capitalization ²	~\$18.5B
TTM FINANCIAL HIGHLIGHTS¹	
Revenue	\$17.9B
<ul style="list-style-type: none"> Automotive Industrial 	67% 33%
Segment Profit Margin ³	8.8%
Free Cash Flow ⁴	~\$1.6B
Dividend Yield ⁵	2.6%

GLOBAL FOOTPRINT TTM Revenue by Region¹



Leading Global Distributor in Diversified End Markets

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 policies; 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, adjusted gross profit, adjusted operating expenses, adjusted tax rate, 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.

Q2 Highlights



Paul Donahue
Chairman & CEO



Key Messages

01

Strong financial performance driven by consistent execution of strategic priorities and global market recovery

02

Continued strong sales trends that drove market share gains

03

Gross margin gains and improved operational efficiencies that drove margin expansion and record quarterly earnings

04

Effective deployment of capital:

- ✓ Growth and productivity investments
- ✓ Bolt-on acquisitions
- ✓ Dividend
- ✓ Share repurchases

Well Positioned to Deliver Strong Results, Gain Market Share and Create Value

2Q21 Performance Highlights¹

Financial Update

- \$4.8B Total Sales, +25.1%
 - ✓ Monthly daily sales² trends strengthened in May/June from April
 - ✓ Automotive recovery driven by re-opening of economies, improving miles driven and strong DIFM sales growth
 - ✓ Industrial recovery driven by strengthening economy, re-opening of plants and new capital spending
- Segment Margin Expansion of 65 bps
 - ✓ Driven by gross margin improvement and expense leverage
- Net Income of \$196M; \$1.36 Diluted EPS
- Adjusted Net Income³ of \$253M; \$1.74 Adjusted Diluted EPS³, +32% and a New Record

Balance Sheet and Cash Flow

- Strong Balance Sheet and Cash Flow Available for Effective Capital Allocation
 - ✓ Re-investment in businesses, dividend payments, share repurchases and M&A
- \$987M in Cash; \$2.5B in Liquidity
- Effective Management of Key Working Capital Accounts – A/R, Inventory and A/P
 - ✓ Continued improvement in cash conversion cycle
- Improving Debt Position, with Total Debt to TTM Adjusted EBITDA³ at 1.6x Compared to 2.9x on June 30, 2020
- Strong Cash from Operations
 - ✓ Driven by increase in net income and working capital improvement

Strong Financial Performance and Financial Capacity



Automotive: Highlights, Trends and Initiatives



Automotive – Total sales +28%

Comp Sales¹ +21%; 2-Year Stack +8.5%; Segment Profit Margin +30 bps

MACRO	NORTH AMERICA	EUROPE	AUSTRALASIA
<ul style="list-style-type: none"> • Tailwinds: <ul style="list-style-type: none"> – Broad economic recovery and strong consumer health – Favorable weather trends – Inflation – strategic pricing – Improving aftermarket fundamentals • Headwinds: <ul style="list-style-type: none"> – COVID-19 uncertainties – Global supply chain constraints – Impact of inflation on costs • Strong long-term industry fundamentals <ul style="list-style-type: none"> – Growing and older car parc – Positive miles driven trends; outlook for further improvement 	<ul style="list-style-type: none"> • U.S. Comp Sales¹ +20% <ul style="list-style-type: none"> – +6% 2-Year Stack • Positive DIFM and DIY sales, with DIFM outperforming DIY • DIFM sales driven by Major Accounts and NAPA AutoCare customers <ul style="list-style-type: none"> – Strong double-digit growth at all DIFM customer segments • Investments in new store groups • Retail on-line sales growth +70% YOY <ul style="list-style-type: none"> – New record sales volume • Canada comp sales¹ +12% 	<ul style="list-style-type: none"> • Comp Sales¹ +34% <ul style="list-style-type: none"> – +18% 2-Year Stack • Strengthening sales environment associated with economic recovery <ul style="list-style-type: none"> – Outperformance in UK and Benelux • Solid growth across operations <ul style="list-style-type: none"> – Focus on key account development – Leading inventory availability – Excellent customer service • Ongoing benefit of NAPA roll-out across markets – 17 product lines available today • Investment in on-line leader, Winparts 	<ul style="list-style-type: none"> • Comp Sales¹ +17% <ul style="list-style-type: none"> – +19% 2-Year Stack • Strong DIFM and DIY sales growth <ul style="list-style-type: none"> – DIFM > DIY • Maximizing sales opportunities through short-term lockdowns • Accelerated digital strategy across B2B and B2C • Addition of Rare Spares and PARTs • Expansion of NAPA store strategy across Asia Pac <ul style="list-style-type: none"> – 50+ NAPA stores on June 30, 2021

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

Industrial: Highlights, Trends and Initiatives



Industrial – Total sales +20%

Comp Sales¹ +16%; 2-Year Stack Flat; Segment Profit Margin +130 bps

MACRO

- **Continued improvement in Industrial sales trends**
- Ongoing strengthening of industrial economy
- **Strong growth outlook for plant automation and robotics solutions**
- Following manufacturing PMI and industrial production as industrial demand indicators – both showing improving trends
 - PMI consistently strong > 60%
 - Industrial production +5.5% in 2Q
- **Projecting positive comp sales over balance of 2021**

NORTH AMERICA

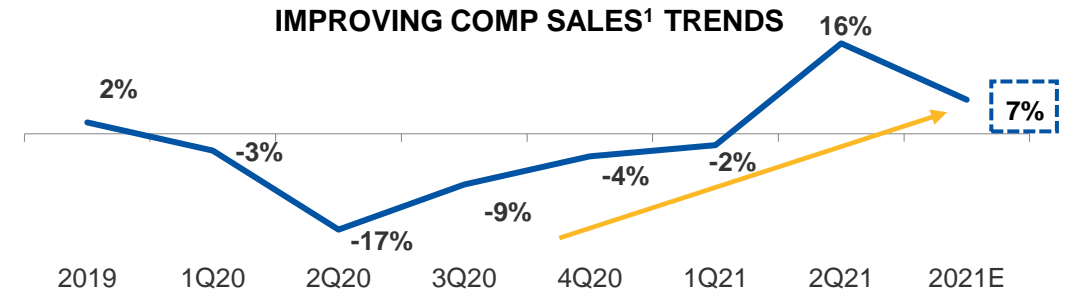
- **Strengthening industrial economy and growth initiatives driving improved sales trends**
- Fourth consecutive quarter of sequential sales improvement
 - Better sales trends among virtually all product categories and industries served
- **Continuing expansion of value-add businesses**
 - **Focus areas: Automation, Conveyance and Repairs**
- Customers operating at higher run rates and releasing capital project orders

AUSTRALASIA

- Strong sales growth and excellent operating results
- Steady recovery to pre-pandemic sales levels

STRATEGIC INITIATIVES IN INDUSTRIAL

- 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



Strategic Initiative Update



Will Stengel
President



Investing in Our Core Business



Talent

- Recognize high potential talent, infuse new capabilities into the organization and recruit diverse talent



Sales Effectiveness

- Utilize data and analytics to understand our unique customer segments and drive increasing mix of traditional selling and digital strategies



Digital

- Deliver a best-in-class customer experience and profitable growth while investing in foundational digital elements



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



Emerging Technology

- Aspire to lead in emerging technologies, leveraging our unique positioning, global scale 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

Strategic Priorities: Q2 Select Highlights

- **Focused on talent investments:**

- ✓ Naveen Krishna, EVP and Chief Information & Digital Officer
- ✓ Category management; field sales and services; indirect sourcing; pricing; diversity, equity and inclusion; digital; data; and inventory leadership

- **Strategic initiatives and winning team performance in Europe:**

- ✓ Increased productivity at best-in-class distribution facility in the Netherlands
- ✓ Consolidated back office shared service centers in France
- ✓ Power and differentiation of the NAPA brand in the local market

- **Executed well on acquisition strategy:**

- ✓ Various store acquisitions by North American and European automotive teams
- ✓ Winparts, on-line leader of automotive parts and accessories, accelerating European digital vision
- ✓ Rare Spares, market leader in the niche segment of automotive restoration parts and accessories
- ✓ PARts, leading cloud-based product and supplier data platform



winparts

RARE[®]
SPARES



Financial Performance



Carol Yancey
EVP & CFO



2Q21 Financial Results

(\$M, except per share data)

Sales	Adj. Gross Profit ¹	Adj. Op/Non-Op Expenses ¹	Segment Profit ¹	Adj. EPS ¹
+25.1%	+29.6%	+27.5%	+34.6%	+31.8%
<p>2Q20: \$3,823 2Q21: \$4,784</p>	<p>2Q20: \$1,303 (34.1%) 2Q21: \$1,689 (35.3%) +120 bps</p>	<p>2Q20: \$1,052 (27.5%) 2Q21: \$1,342 (28.1%) +60 bps</p>	<p>2Q20: \$328 (8.6%) 2Q21: \$441 (9.2%) +65 bps</p>	<p>2Q20: \$1.32 2Q21: \$1.74</p>
<ul style="list-style-type: none"> +19.5% comp sales² <ul style="list-style-type: none"> Business and economic recovery across business segments and regions +1.5% acquisitions +5.0% foreign currency Passing on rising product costs in sales 	<ul style="list-style-type: none"> 15 consecutive quarterly increases in Gross Margin Driven by benefits of: <ul style="list-style-type: none"> Supplier incentives/rebates Sales mix Product mix Strategic category mgmt. initiatives Pricing initiatives Global sourcing 	<ul style="list-style-type: none"> Operating in-line with plans for the year Significant temporary savings in Q2 2020 Increase in variable costs related to \$1B sales growth Rising cost pressures <ul style="list-style-type: none"> Wages/incentive comp Freight; rents; health insurance Investments in productivity projects Tailwinds <ul style="list-style-type: none"> Greater automation/efficiencies 	<ul style="list-style-type: none"> Strong margin expansion in both Automotive and Industrial Strong core sales growth a tailwind for expense leverage Gross margin expansion Ongoing expense management and operational efficiencies, despite comparison to prior year temporary saving 	<ul style="list-style-type: none"> 4th consecutive quarter of double-digit adj. EPS growth Reported earnings per diluted share <ul style="list-style-type: none"> \$1.36 in 2Q21 (\$2.52) in 2Q20 Adj. tax rate¹ increased to 27.2% compared to a rate of 24.1% in 2Q20 <ul style="list-style-type: none"> Rate increases in UK



Note: All comparisons are YoY unless otherwise stated ¹ Adjusted gross profit, adjusted op / non-op expenses, adjusted EPS and adjusted tax rate exclude certain items that the Company believes are not representative of our continuing operations and impact comparability. These amounts are non-GAAP measures (See Reconciliation of Non-GAAP Measures) ² See Appendix B for definition

2Q21 Segment Performance

(\$M)

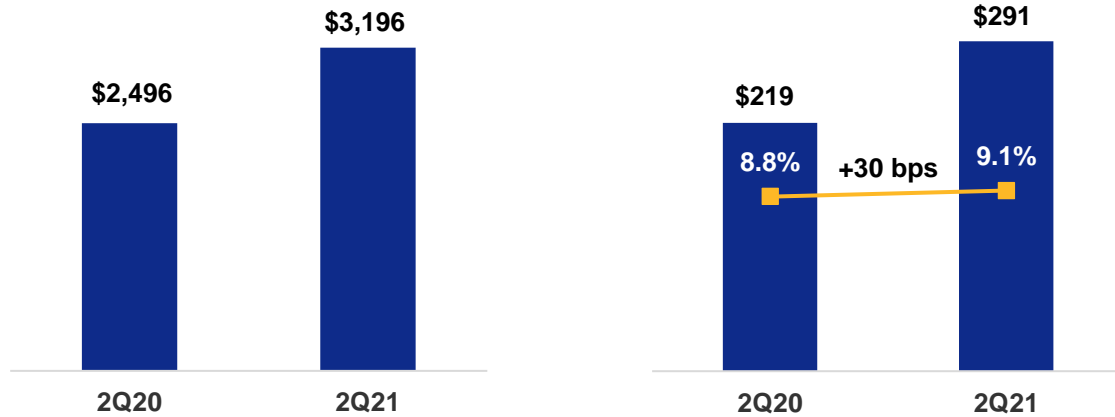
Automotive

Sales

+28.1%

Segment Profit¹

+32.8%



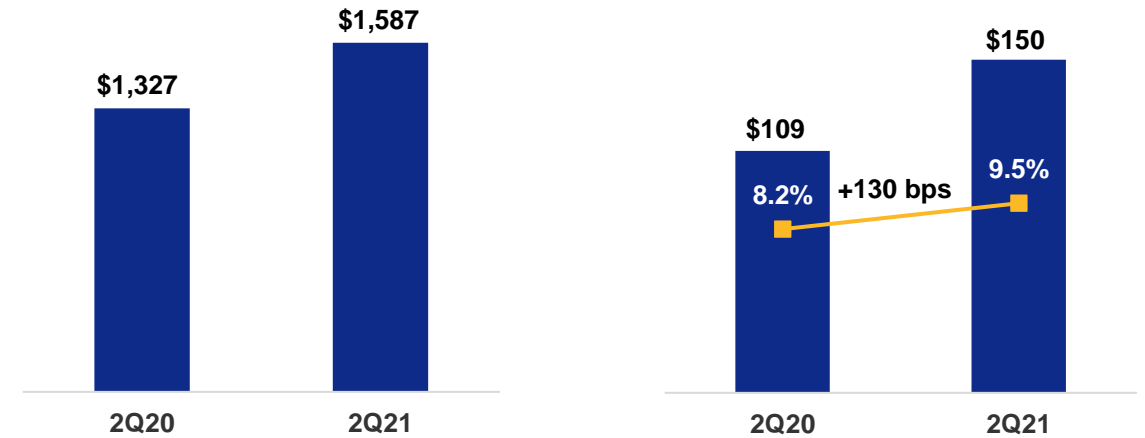
Industrial

Sales

+19.6%

Segment Profit¹

+38.1%



Automotive Highlights

- Total sales +28%; +15% from 2019
- Positive DIFM and DIY growth, with **DIFM outperforming DIY**
- Sales improvement a function of economic recovery and growth initiatives
- Strong double-digit comp sales² across all operations
- **Strong core growth and operating performance**

Industrial Highlights

- Total sales +20%; +7% from 2019
- Includes benefit of three strategic bolt-on acquisitions closed in 3Q20
 - Strengthens position in automation and hydraulics
- **Strong 16.4% comp sales² growth**
- **Strong operating results**
 - Improved profit margin in both markets/regions for the 3rd consecutive quarter



Note: All comparisons are YoY unless otherwise stated. ¹These amounts are non-GAAP measures (See Reconciliation of Non-GAAP Measures). ² See Appendix B for definition.

Strong Balance Sheet and Robust Cash Generation

BALANCE SHEET HIGHLIGHTS¹ (\$B)

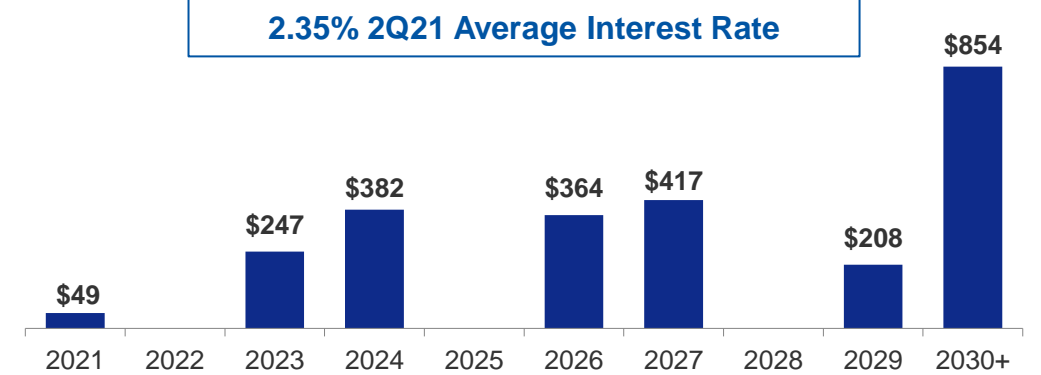
Cash / Cash Equivalents	\$1.0
Accounts Receivable	\$1.9
Inventory	\$3.7
Total Assets	\$14.1
Accounts Payable	\$4.7
Total Debt	\$2.5
Total Liabilities	\$10.8
Working Capital ²	\$1.2

LIQUIDITY PROFILE¹ (\$B)

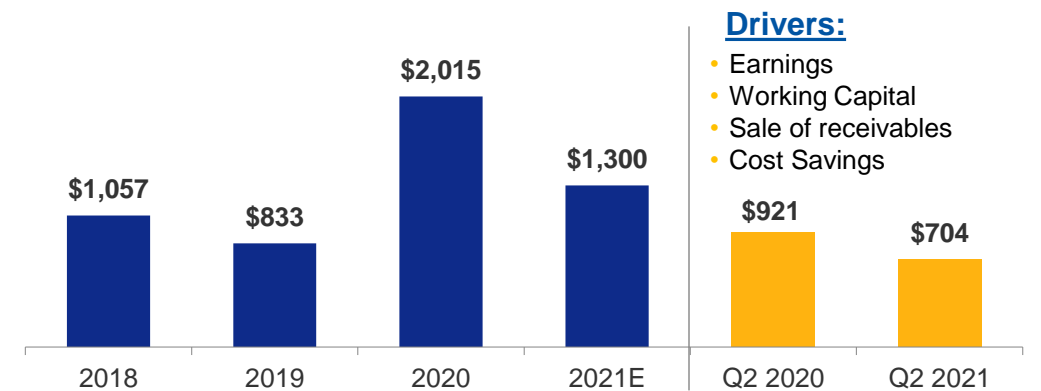
Total Credit Capacity ³	\$4.0
Less Total Debt:	(\$2.5)
Unused Credit Capacity	\$1.5
Cash	\$1.0
Total Available Liquidity	\$2.5

Total debt to adj EBITDA (TTM)⁴ 1.6x

DEBT MATURITY SCHEDULE¹ (\$M)



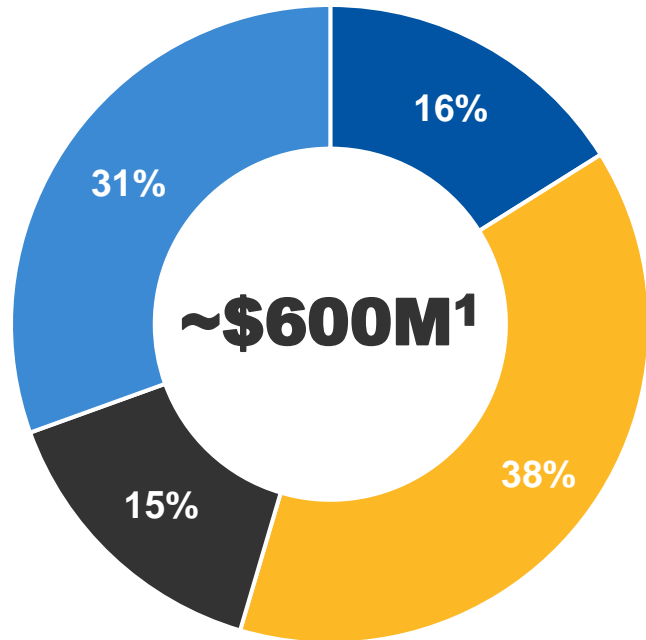
CASH FLOW FROM OPERATIONS (\$M)



- Continued strong cash flow** to support growth initiatives and effective allocation of capital
- Steady debt position and favorable financial arrangements**
- Total debt to TTM adjusted EBITDA⁴ improved to 1.6x as of June 30, 2021 from 2.9x in the prior year**

Disciplined Capital Allocation

YTD 2021 Capital Deployment



■ M&A ■ Dividend ■ Reinvestment ■ Share Repurchases

Current Priorities

Reinvestment

- \$90M CapEx YTD; Projecting 2021 CapEx of ~\$300M

M&A

- \$97M spend YTD; Targeting additional acquisitions

Share Repurchases

- \$184M spend YTD; 1.4M shares repurchased and plans for continued share buy-backs

Dividend

- 2021 cash dividend of \$3.26 per share, +3% from 2020
- 65th consecutive year of increased dividends paid to our shareholders
- \$232M spend YTD

Strong Cash Flow for Effective Capital Allocation

2021 Outlook¹

	Current	Previous
Total Sales Growth	10% to 12%	5% to 7%
<ul style="list-style-type: none"> • Automotive • Industrial 	11% to 13% 6% to 8%	5% to 7% 4% to 6%
Diluted EPS	\$5.81 to \$5.96	\$5.85 to \$6.05
Adjusted EPS	\$6.20 to \$6.35	\$5.85 to \$6.05
Adjusted EPS Growth	18% to 20%	11% to 15%
Cash from Operations	\$1.2B to \$1.4B	\$1.0B to \$1.2B
Free Cash Flow ²	\$900M to \$1.1B	\$700M to \$900M

ASSUMPTIONS



- Corporate expenses ~\$160M to \$170M
- Capex ~\$300M
- Depreciation and amortization \$280M to \$290M
- Interest expense \$68M to \$70M
- Tax rate ~25%

Strong Outlook with Strategic Growth Plans

Optimistic for Strong Results in Quarters Ahead



Progress in capturing profitable growth, generating strong cash flow and driving shareholder value



Encouraged by continued recovery of the Automotive and Industrial business markets



Exceptional balance sheet providing financial flexibility to pursue strategic growth opportunities



Focused on executing growth strategy and operational initiatives to further enhance financial performance



Thank you to our teammates for their continued dedication and commitment to being the best in serving our stakeholders

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

Q&A

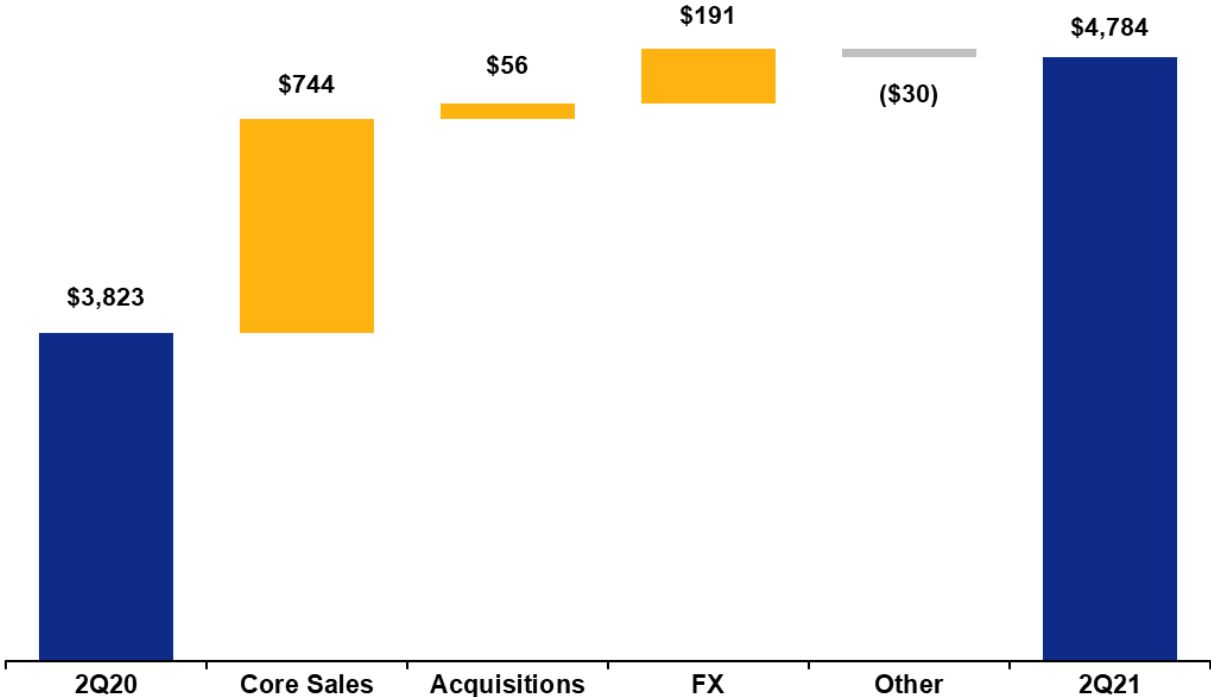


Appendix

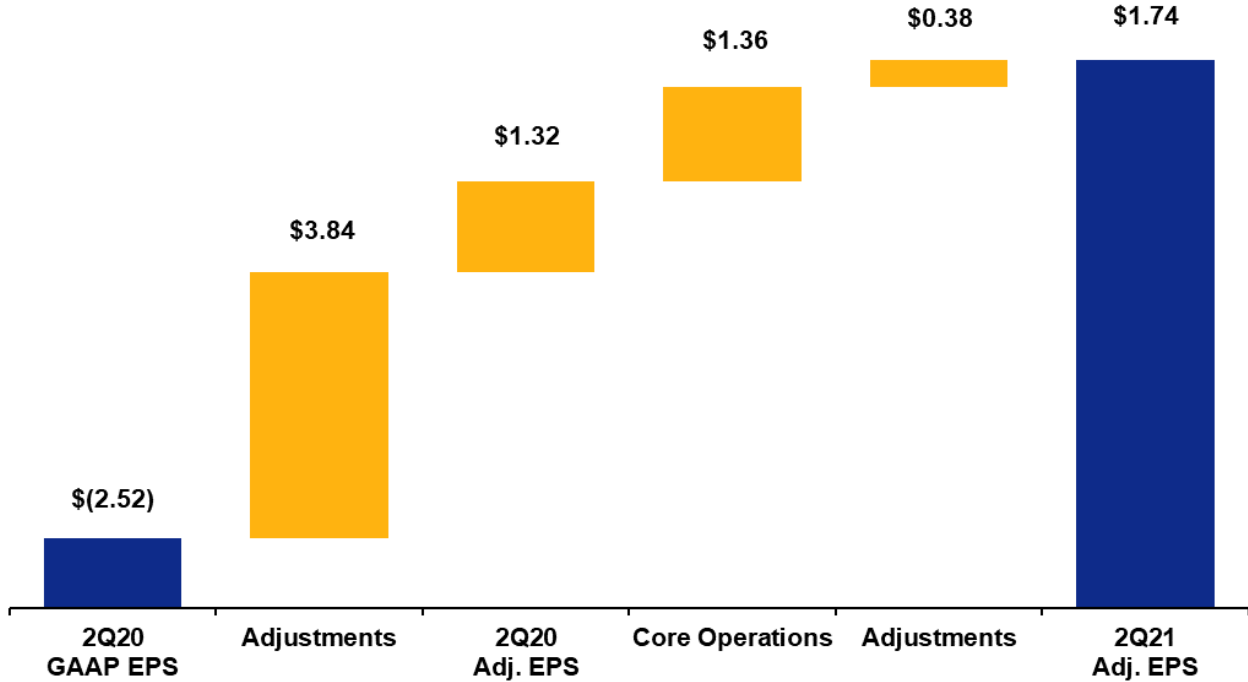


Consolidated Net Sales and Adj. Diluted EPS Bridge

Net Sales (\$M)



Adj. Diluted Earnings Per Share



Comparable Sales: Comparable sales or “comp 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 Q2	Q1	Q2	Q1	Q2	Q3	Q4
Net sales:							
Automotive	\$ 11,931,675	\$ 2,953,165	\$ 3,196,299	\$ 2,582,685	\$ 2,495,799	\$ 2,960,379	\$ 2,821,832
Industrial	5,938,457	1,511,549	1,587,439	1,509,841	1,327,428	1,409,707	1,429,762
Total net sales	17,870,132	4,464,714	4,783,738	4,092,526	3,823,227	4,370,086	4,251,594
Segment profit:							
Automotive	1,032,695	235,678	290,758	142,578	218,906	266,124	240,135
Industrial	534,698	125,292	150,413	113,933	108,928	125,620	133,373
Total segment profit	1,567,393	360,970	441,171	256,511	327,834	391,744	373,508
Interest expense, net	(79,990)	(18,324)	(15,362)	(19,868)	(24,876)	(25,221)	(21,083)
Intangible asset amortization	(101,894)	(25,544)	(27,384)	(22,740)	(23,256)	(24,223)	(24,743)
Corporate expense	(148,720)	(31,243)	(51,397)	(55,061)	(28,613)	(33,379)	(32,701)
Other unallocated costs	(158,112)	—	(77,421)	1,751	(555,525)	(11,256)	(69,435)
Income (Loss) before income taxes from continuing operations	1,078,677	285,859	269,607	160,593	(304,436)	297,665	225,546
Income taxes from continuing operations	(259,921)	(68,149)	(73,111)	(38,247)	(59,065)	(64,747)	(53,914)
Net income from continuing operations	\$ 818,756	\$ 217,710	\$ 196,496	\$ 122,346	\$ (363,501)	\$ 232,918	\$ 171,632
Segment profit margin:							
Automotive	8.7%	8.0%	9.1%	5.5%	8.8%	9.0%	8.5%
Industrial	9.0%	8.3%	9.5%	7.5%	8.2%	8.9%	9.3%
Total segment profit margin	8.8%	8.1%	9.2%	6.3%	8.6%	9.0%	8.8%

- (1) **Product liability damages award:** Adjustment reflects damages reinstated by the Washington Supreme Court order on July 8, 2021 in connection with a 2017 automotive product liability claim.
- (2) **Goodwill Impairment Charge:** Adjustment reflects a second quarter goodwill impairment charge related to our European reporting unit.
- (3) **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.
- (4) **Realized Currency Loss:** Adjustment reflects realized currency losses related to divestitures.
- (5) **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.
- (6) **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.
- (7) **Transaction and Other Costs:** Adjustment includes incremental costs associated with COVID-19, a loss on investment, 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.

Reconciliation of Non-GAAP Financial Measures

Appendix D

Adjusted Net Income from Continuing Operations

(in thousands)	2021	2021		2020			
	TTM Q2	Q1	Q2	Q1	Q2	Q3	Q4
GAAP net income (loss) from continuing operations	818,756	217,710	196,496	122,346	(363,501)	232,918	171,632
Adjustments:							
Product liability damages award (1)	77,421	—	77,421	—	—	—	—
Goodwill impairment charge (2)	—	—	—	—	506,721	—	—
Restructuring costs (3)	21,978	—	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (4)	—	—	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (5)	—	—	—	(12,282)	(1,166)	—	—
Inventory adjustment (6)	40,000	—	—	—	—	—	40,000
Transaction and other costs (7)	18,713	—	—	7,549	13,555	288	18,425
Total adjustments	158,112	—	77,421	(1,751)	555,525	11,256	69,435
Tax impact of adjustments	(48,834)	—	(21,322)	(3,810)	(1,500)	(7,423)	(20,089)
Adjusted net income from continuing operations	<u>928,034</u>	<u>217,710</u>	<u>252,595</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 Q2	Q1	Q2	Q1	Q2	Q3	Q4
Diluted net income (loss) from continuing operations per common share	\$ 5.65	\$ 1.50	\$ 1.36	\$ 0.84	\$ (2.52)	\$ 1.61	\$ 1.18
Adjustments:							
Product liability damages award (1)	0.53	—	0.53	—	—	—	—
Goodwill impairment charge (2)	—	—	—	—	3.51	—	—
Restructuring costs (3)	0.15	—	—	0.02	0.17	0.07	0.08
Realized currency loss on divestitures (4)	—	—	—	—	0.08	—	—
Gain on insurance proceeds related to SPR Fire (5)	—	—	—	(0.08)	(0.01)	—	—
Inventory adjustment (6)	0.28	—	—	—	—	—	0.28
Transaction and other costs (7)	0.13	—	—	0.05	0.10	—	0.12
Total adjustments	1.09	—	0.53	(0.01)	3.85	0.07	0.48
Tax impact of adjustments	(0.33)	—	(0.15)	(0.03)	(0.01)	(0.05)	(0.14)
Adjusted net income from continuing operations	<u>6.40</u>	<u>1.50</u>	<u>1.74</u>	<u>\$ 0.80</u>	<u>\$ 1.32</u>	<u>\$ 1.63</u>	<u>\$ 1.52</u>
Weighted average common shares outstanding — assuming dilution	144,983	145,300	144,983	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 Q2	Q1	Q2	Q1	Q2	Q3	Q4
GAAP net income (loss) from continuing operations	\$ 818,756	\$ 217,710	\$ 196,496	\$ 122,346	\$ (363,501)	\$ 232,918	\$ 171,632
interest expense, net	79,990	18,324	15,362	19,868	24,876	25,221	21,083
Income taxes from continuing operations	259,921	68,149	73,111	38,247	59,065	64,747	53,914
EBIT	1,158,667	304,183	284,969	180,461	(279,560)	322,886	246,629
Product liability damages award (1)	77,421	—	77,421	—	—	—	—
Goodwill impairment charge (2)	—	—	—	—	506,721	—	—
Restructuring costs (3)	21,978	—	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (4)	—	—	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (5)	—	—	—	(12,282)	(1,166)	—	—
Inventory adjustment (6)	40,000	—	—	—	—	—	40,000
Transaction and other costs (7)	18,713	—	—	7,549	13,555	288	18,425
Adjusted EBIT	1,316,779	304,183	362,390	178,710	275,965	334,142	316,064

(in thousands)	2021	2021		2020			
	TTM Q2	Q1	Q2	Q1	Q2	Q3	Q4
GAAP net income (loss) from continuing operations	\$ 818,756	\$ 217,710	\$ 196,496	\$ 122,346	\$ (363,501)	\$ 232,918	\$ 171,632
Depreciation and amortization	285,111	72,296	73,960	67,254	66,733	69,097	69,758
interest expense, net	79,990	18,324	15,362	19,868	24,876	25,221	21,083
Income taxes from continuing operations	259,921	68,149	73,111	38,247	59,065	64,747	53,914
EBITDA	1,443,778	376,479	358,929	247,715	(212,827)	391,983	316,387
Product liability damages award (1)	77,421	—	77,421	—	—	—	—
Goodwill impairment charge (2)	—	—	—	—	506,721	—	—
Restructuring costs (3)	21,978	—	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (4)	—	—	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (5)	—	—	—	(12,282)	(1,166)	—	—
Inventory adjustment (6)	40,000	—	—	—	—	—	40,000
Transaction and other costs (7)	18,713	—	—	7,549	13,555	288	18,425
Adjusted EBITDA	\$ 1,601,890	\$ 376,479	\$ 436,350	\$ 245,964	\$ 342,698	\$ 403,239	\$ 385,822

Reconciliation of Non-GAAP Financial Measures

Adjusted Gross Profit

(in thousands)	Three Months Ended June 30,		QTD Change	
	2021	2020	\$ Change	% Change
GAAP Gross Profit	\$ 1,689,105	\$ 1,290,487	\$ 398,618	30.9%
Adjustments:				
Transaction and other costs	—	12,891	(12,891)	(100.0)%
Total Adjustments (1)	—	12,891	(12,891)	(100.0)%
Adjusted Gross Profit	\$ 1,689,105	\$ 1,303,378	\$ 385,727	29.6%
Adjusted Gross Profit as a Percent of GAAP Net Sales	35.3%	34.1%		120 bps

Adjusted Tax Rate

(in thousands)	Three Months Ended June 30,	
	2021	2020
GAAP Income before taxes	\$ 269,607	\$ (304,436)
Total adjustments (1)	77,421	555,525
Adjusted income before taxes	\$ 347,028	\$ 251,089
GAAP Income taxes	\$ 73,111	\$ 59,065
Tax impact of adjustments	21,322	1,500
Adjusted income taxes	\$ 94,433	\$ 60,565
GAAP tax rate	27.1%	-19.4%
Adjusted tax rate	27.2%	24.1%

(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

Reconciliation of Non-GAAP Financial Measures (Cont.) Appendix D

Adjusted Operating and Non-Operating Expenses

(in thousands)	Three Months Ended June 30,		QTD Change	
	2021	2020	\$ Change	% Change
GAAP operating and non-operating expenses	\$ 1,419,498	\$ 1,594,923	\$ (175,425)	(11.0)%
Adjustments:				
Product liability damages award	(77,421)	—	(77,421)	100.0%
Goodwill impairment charge	—	(506,721)	506,721	(100.0)%
Restructuring costs	—	(25,059)	25,059	(100.0)%
Realized currency loss	—	(11,356)	11,356	(100.0)%
Gain on insurance proceeds related to SPR Fire	—	1,166	(1,166)	(100.0)%
Transaction and other costs	—	(664)	664	(100.0)%
Less: Total Adjustments (1)	(77,421)	(542,634)	465,213	(85.7)%
Adjusted operating and non-operating expenses	<u>\$ 1,342,077</u>	<u>\$ 1,052,289</u>	<u>\$ 289,788</u>	27.5%
Adjusted operating and non-operating expenses as a percent of GAAP net sales	28.1%	27.5%		60 bps

(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

Reconciliation of Non-GAAP Financial Measures (Cont.) Appendix D

Free Cash Flow

(in thousands)	TTM June 30, 2021	
Net cash provided by operating activities	\$	1,798,232
Less: Purchases of property, plant and equipment		(169,137)
Free Cash Flow	\$	1,629,095

	Updated Outlook	
	YE December 31, 2021	
Net cash provided by operating activities from continuing operations	\$1.2 billion to \$1.4 billion	
Purchases of property, plant and equipment	Approximately \$300 million	
Free Cash Flow	\$900 million to \$1.1 billion	