

Q4 2021
Earnings Presentation

February 17, 2022



Genuine Parts Company Snapshot (NYSE: GPC)

KEY STATISTICS¹

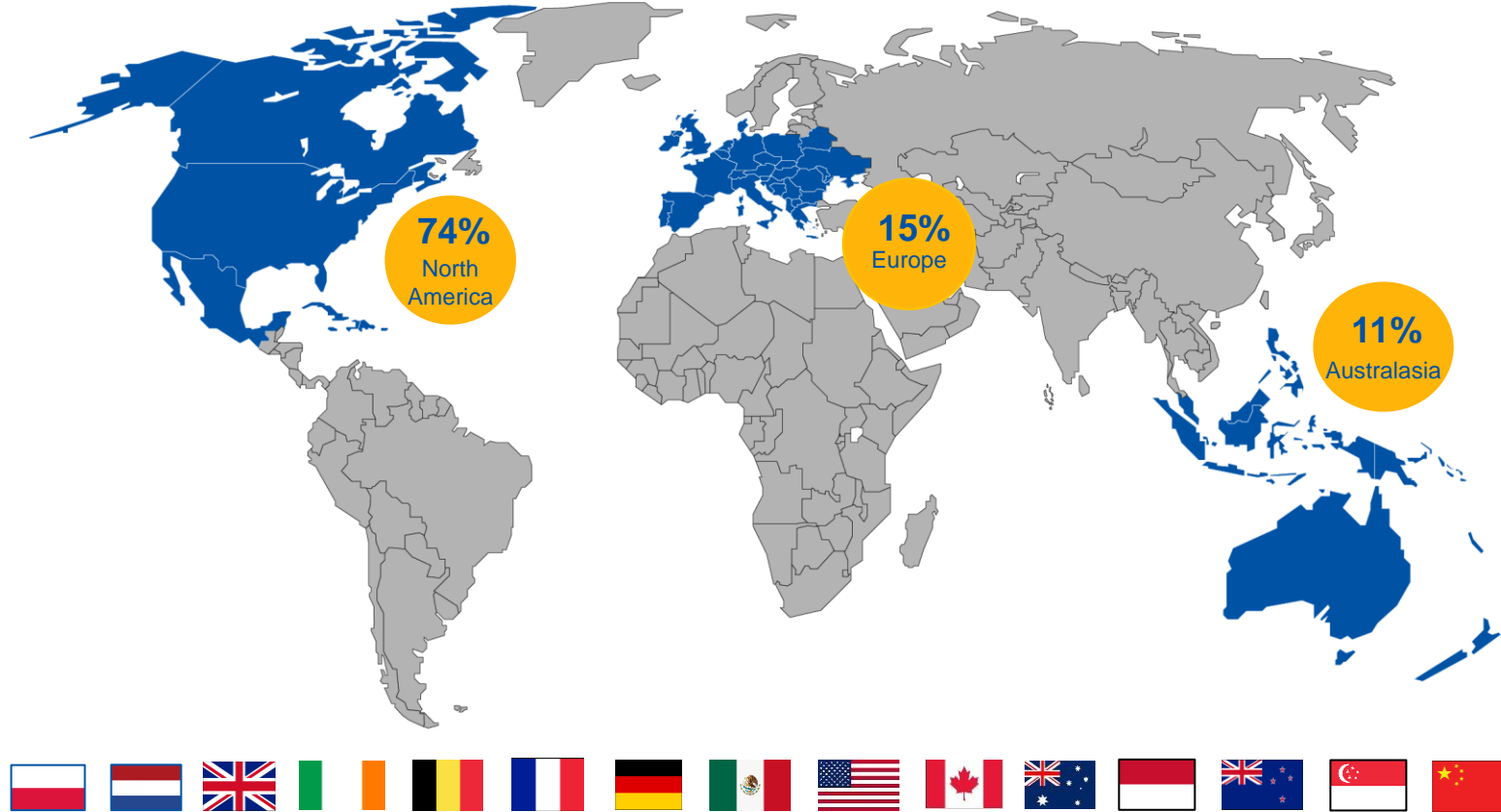
Founded	1928
Headquarters	Atlanta, GA
Countries Served	15
Locations	~10,400
<ul style="list-style-type: none"> • Warehouses • Distribution Facilities • Retail (Owned/Independent) 	<ul style="list-style-type: none"> ~700 ~200 ~9,500
Employees	~52,000
Market Capitalization	~\$19.9B

2021 FINANCIAL HIGHLIGHTS¹

Revenue	\$18.9B
<ul style="list-style-type: none"> • Automotive • Industrial 	<ul style="list-style-type: none"> 66% 34%
Segment Profit Margin ²	8.8%
Free Cash Flow ³	~\$992M
Dividend Yield ⁴	2.3%

GLOBAL FOOTPRINT

2021 Revenue by Region¹



Leading Global Distributor in Diversified End Markets

Safe Harbor Statement

FORWARD-LOOKING STATEMENTS: Some statements in this release, as well as in materials the Company files with the Securities and Exchange Commission (SEC), release to the public or make available on the Company's website, 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 coming year, the Company's ability to execute our strategic priorities and capitalize in light of these business and economic trends, and the established full-year 2022 financial guidance for the Company provided above. Senior officers may also make verbal statements to analysts, investors, the media and others that are forward-looking. The Company cautions that all forward-looking statements involve risks and uncertainties, and while the Company believes that its 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 the Company's business operations caused by the global health crisis associated with the COVID-19 pandemic, including the effects on the financial health of the Company's business partners and customers, on supply chains and the Company's suppliers, on vehicle miles driven as well as other metrics that affect the Company's 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 the operations of the Company's suppliers, 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; 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 the Company's 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 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.

Q4 Highlights



Paul Donahue
Chairman & CEO



Key Messages

01

The GPC team finished the year with a strong fourth quarter, further building on the positive momentum of the first nine months of 2021

02

Proud of our progress through the year and thankful to our 52,000 teammates for their hard work and commitment to excellence

03

Execution of strategic priorities to accelerate sales, improve gross margin and enhance operations efficiencies – along with economic recovery and strong industry fundamentals – drove double-digit sales and earnings growth for fourth quarter and full-year

04

Increase in earnings and continued focus on working capital improvement helped us to deliver strong cash flow

05

Acquisition of Kaman Distribution Group in early January 2022 to enhance scale and strengthen market leading position as premier leader in industrial solutions

Execution Driving Momentum and Well-Positioned to Gain Share

4Q21 Performance Highlights¹

Financial Update

- \$4.8B Total Sales, +13% from 2020, and +12% from 2019
 - ✓ Monthly daily sales² trends up double-digits in all three months
 - ✓ Automotive growth benefiting from strategic growth initiatives, strong demand and market tailwinds
 - ✓ Industrial growth due to economic recovery and increase in customer activity
- Segment Margin of 8.7%, down 10 bps YOY and +100 bps on a 2-year stack
 - ✓ 17th consecutive quarter of gross margin improvement
 - ✓ Continued execution of cost initiatives to improve productivity and offset inflationary pressures
- GAAP & Adjusted Net Income of \$256M; GAAP & Adjusted Diluted EPS of \$1.79; +18%³

Balance Sheet and Cash Flow

- Strong Balance Sheet and Cash Flow; Strategy in place for disciplined and effective capital allocation
 - ✓ Re-investment in businesses via CapEx and M&A; Return of capital through dividends and share repurchases
- \$715M in Cash; \$2.2B in Liquidity
- Effective Management of Key Working Capital Accounts – A/R, Inventory and A/P
 - ✓ Continued improvement in cash conversion cycle
- Improving Debt Position; Total Debt to TTM Adjusted EBITDA³ at 1.4x v. 1.9x on December 31, 2020
- \$1.3B 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 +13% 4Q; +16% FY'21

4Q Comp Sales¹ +11%; 2-Year Stack +9%; Segment Profit Margin 8.3%, -20 bps / +60 bps in full year

MACRO	NORTH AMERICA	EUROPE	AUSTRALASIA
<ul style="list-style-type: none"> Tailwinds: <ul style="list-style-type: none"> Improvement to miles driven Robust used car market Improving aftermarket fundamentals Headwinds: <ul style="list-style-type: none"> COVID-19 uncertainties Global supply chain constraints Labor shortages Impact of inflation on costs Rising fuel prices and transportation costs Strong long-term industry fundamentals <ul style="list-style-type: none"> Growing and aging car parc 	<p>Total U.S. Sales +15%; +9% 2-Year Stack</p> <ul style="list-style-type: none"> +13% comp sales¹; +7% 2-Year Stack Strong demand for chassis, exhaust, brakes and ride control Strong DIFM and DIY sales, with Low-double digit to Mid-teens growth Major Accounts +High-teens AutoCare +Low-teens Fleet/Gov't & Other Wholesale +LDD B2C digital investments driving sustained Retail strength <ul style="list-style-type: none"> 4Q on-line sales +44% and FY'21 +53% <p>Total Canadian Sales +11%; +10% 2-Year Stack</p> <ul style="list-style-type: none"> +9% comp sales¹; +7% 2-Year Stack 	<p>Total European Sales +14%; +13% 2-Year Stack</p> <ul style="list-style-type: none"> +7 comp sales¹; +7% 2-Year Stack Solid results across countries, with 20%+ total growth in UK and Benelux Stable market conditions leading to steady growth across operations <ul style="list-style-type: none"> Focus on key account development Leading inventory availability Excellent customer service Benefit of NAPA brand roll-out across European markets <ul style="list-style-type: none"> Product expansion of strategic categories; brakes and oil 	<p>Total Australasian Sales +11%; 2-Year Stack +28%</p> <ul style="list-style-type: none"> Comp sales¹ +9%; +25% 2-Year Stack Both DIFM and DIY strength Maximizing sales opportunities and gaining market share <ul style="list-style-type: none"> 4Q re-opening improving demand in key markets Accelerated digital strategy across B2B and B2C Expansion of NAPA store strategy across Asia Pac <ul style="list-style-type: none"> 64 NAPA stores on December 31, 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



¹ See Appendix B for definition

Industrial: Highlights, Trends and Initiatives



Industrial – Total sales +13% 4Q; +11% FY'21

4Q Comp Sales¹ +12%; 2-Year Stack +8%; Segment Profit Margin 9.5%, +20 bps / +90 bps in full year

MACRO

- **Continued improvement in Industrial sales trends**
- Ongoing strengthening of industrial economy
- Strong correlation to manufacturing PMI and industrial production as U.S. demand indicators – both supportive of growth
 - PMI consistently strong; 58.7 in December
 - Industrial production +4.0% in 4Q
- **Strong growth outlook for plant automation and robotics solutions**
- Inflationary pricing environment

NORTH AMERICA

- **Strengthening industrial economy and growth initiatives driving improved sales trends**
- Third consecutive quarter of double-digit comp sales
 - Increase in sales across virtually all product categories and industries served
- Continuing expansion of value-add businesses
 - Focus areas: Automation, Conveyance and Repairs, DC/Logistics
- Customers continue to operate at higher run rates
- **Excited for market share growth opportunities with Kaman Distribution Group acquisition**

AUSTRALASIA

- Strong sales growth and excellent operating results
 - **Strongest quarterly performance in FY'21**
 - 4Q re-opening drove improved demand in key markets
- 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
- Strategic M&A to further boost products/services offering
- Strategically enhanced pricing and product category management
- Network optimization and automation to further improve productivity
- Integration of Kaman Distribution Group

Strategic Initiative Update



Will Stengel
President



Foundational Priorities for Investing in Our Business



Talent & Culture

- **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**



Technology

- Enhance **data and digital** capabilities to 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

M&A

- **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

Momentum Highlights in Our Business



Talent & Culture

- ✓ Merchandising and supply chain leadership at U.S. automotive
- ✓ Technology leadership in North America automotive
- ✓ Field leadership and sales promotions in North America industrial
- ✓ Executive leadership promotions in Australia and Europe



Sales Effectiveness

- ✓ Inside sales coverage
- ✓ Corporate account disciplines
- ✓ Digital marketing strategies
- ✓ Strategic promotional activities
- ✓ “Feet on the street”



Technology

- ✓ Enhancements for competitive pricing intelligence
- ✓ Customer relationship management tools
- ✓ Product catalog and site search
- ✓ Customer-specific system integrations



Supply Chain

- ✓ Supply chain talent
- ✓ Inventory
- ✓ Technology
- ✓ Labor and freight productivity
- ✓ Facility automation
- ✓ Network optimization



Emerging Technology

- ✓ Commercial partnerships with emerging technology companies (Arrival and Wallbox)
- ✓ Focused partnerships with key strategic suppliers
- ✓ Merchandising strategies for existing EV repair needs

M&A

- ✓ Completed various U.S. and international automotive bolt-ons, extending leadership positions in key local markets

- ✓ Announced and closed KDG acquisition, extending the market leading position of North American industrial platform

Financial Performance

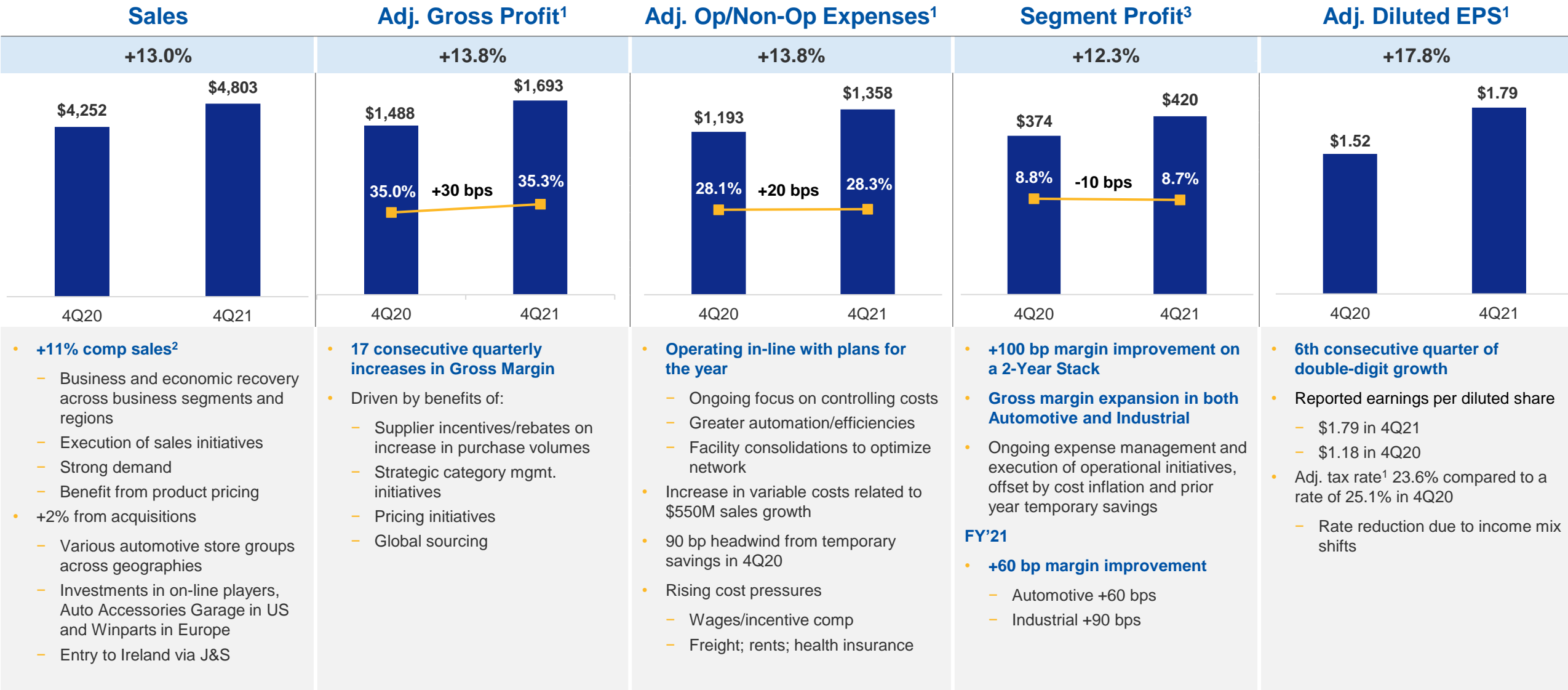


Carol Yancey
EVP & CFO



4Q21 Financial Results

(\$M, except per share data)



Note: All comparisons are YoY unless otherwise stated ¹ Adjusted gross profit, adjusted op / non-op expenses, adjusted diluted 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 in Appendix D) ² See Appendix B for definition ³ See Appendix C – Segment Data

4Q21 Segment Performance

(\$M)

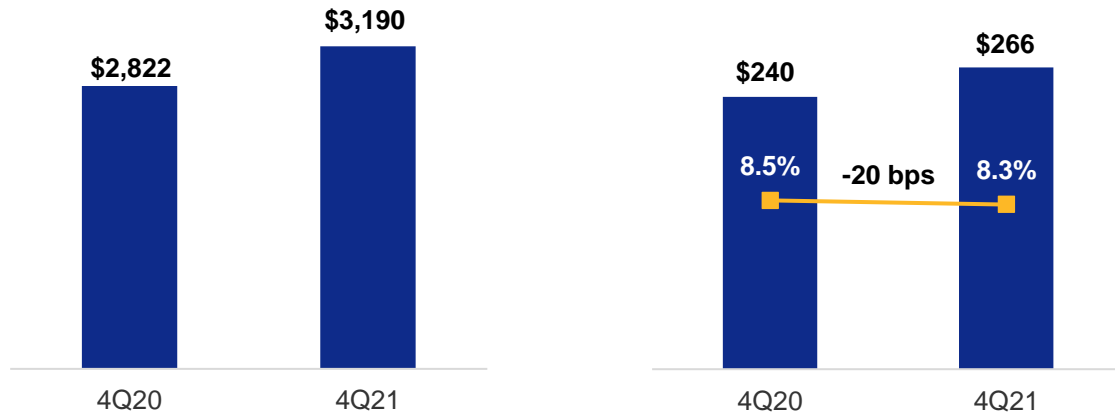
Automotive

Sales

+13.1%

Segment Profit¹

+10.7%



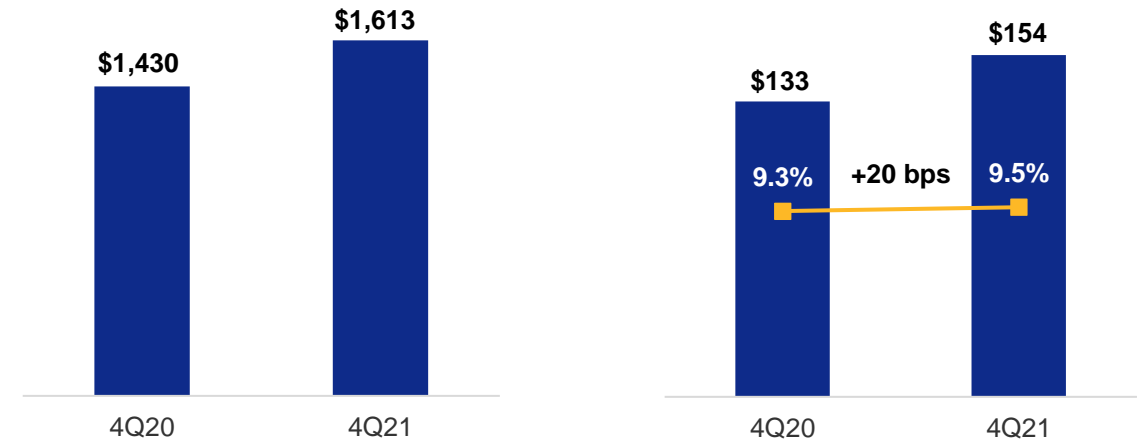
Industrial

Sales

+12.8%

Segment Profit¹

+15.3%



Automotive Highlights

- Total sales +13%; +14% from 2019
- High-single digit to low-teens comp sales² across all operations
- Positive DIFM and DIY growth with strength in both segments
- Sales improvement a function of economic recovery, growth initiatives and strong demand
- 60 bp margin headwind from PY COVID/temporary savings
 - +110 bp margin improvement on 2-year stack

Industrial Highlights

- Total sales +13%; +9% from 2019
- 12% comp sales² increase
- Strengthening core growth in-line with industrial economic recovery
- Strong operating results despite 120 bp margin headwind from PY COVID/temporary savings
 - Improved profit margin for the 5th consecutive quarter
 - +90 bp margin improvement on a 2-year stack

Strong Balance Sheet and Robust Cash Generation

BALANCE SHEET HIGHLIGHTS¹ (\$B)

Cash / Cash Equivalents	\$0.7
Accounts Receivable	\$1.8
Inventory	\$3.9
Total Assets	\$14.4
Accounts Payable	\$4.8
Total Debt	\$2.4
Total Liabilities	\$10.8
Working Capital ²	\$1.2

LIQUIDITY PROFILE¹ (\$B)

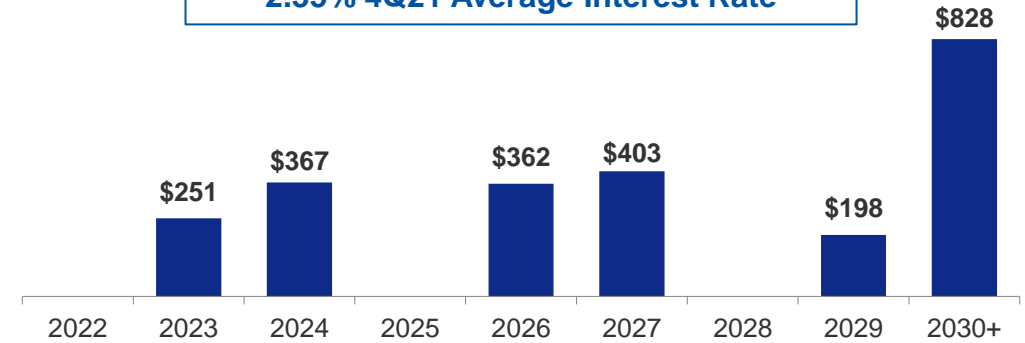
Total Credit Capacity ³	\$3.9
Less Total Debt:	(\$2.4)
Unused Credit Capacity	\$1.5
Cash	\$0.7
Total Available Liquidity	\$2.2

Total debt to adj EBITDA (TTM)⁴

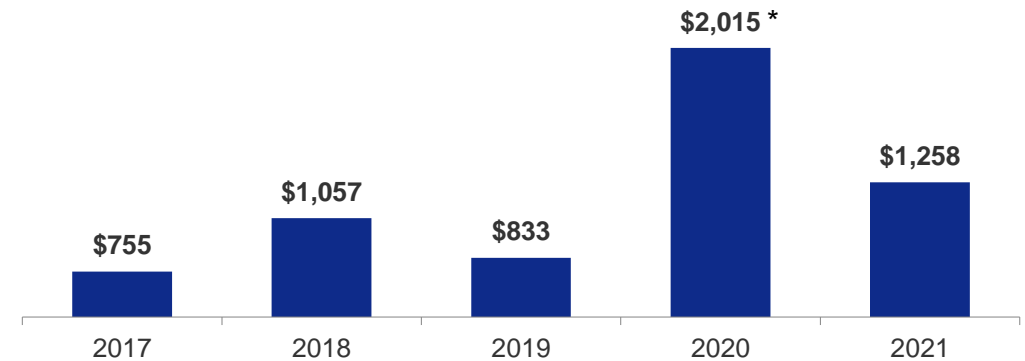
1.4x

DEBT MATURITY SCHEDULE¹ (\$M)

2.35% 4Q21 Average Interest Rate



CASH FLOW FROM OPERATIONS (\$M)



* includes \$800 million A/R sales agreement

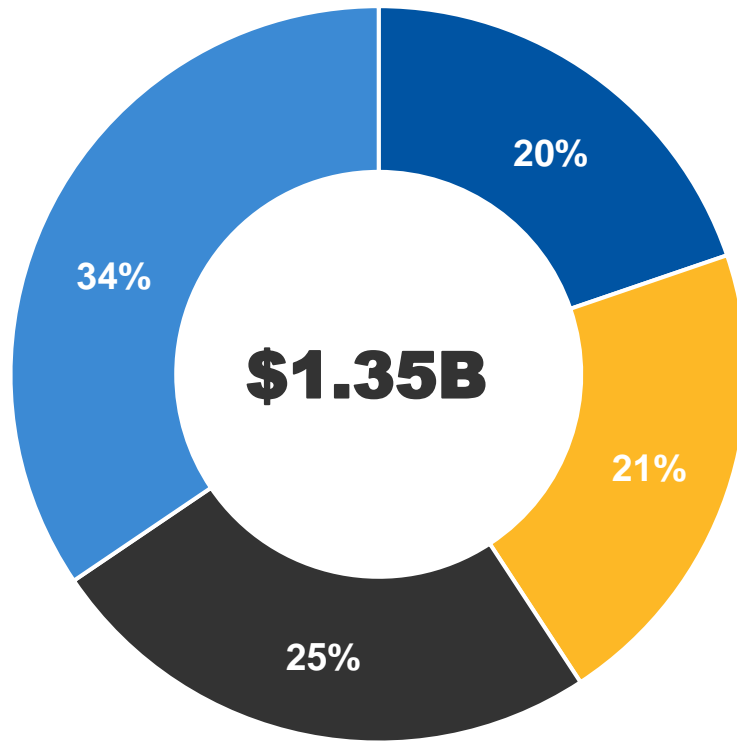
- **Continued strong cash flow** to support growth initiatives and effective allocation of capital
- **Steady debt position and favorable financial arrangements**
- **Total debt to TTM adjusted EBITDA⁴ improved to 1.4x from 1.9x on December 31, 2020**



¹ As of 12/31/2021; excludes bond offering executed January 2022 ² Working capital is defined as current assets less current liabilities ³ Total credit capacity represents total committed capacity under the revolving credit facility plus the amount of all other debt outstanding ⁴ These amounts are Non-GAAP measures (See Reconciliation of Non-GAAP Measures)

Disciplined Capital Allocation

2021 % Capital Deployment



■ Reinvestment ■ M&A ■ Share Repurchases ■ Dividend

Capital Deployment Priorities

Reinvestment

- \$266M CapEx in '21; Projecting '22 CapEx of ~\$300M - \$350M

M&A

- \$284M spend in '21; KDG in early '22 and targeting additional acquisitions

Share Repurchases

- \$334M spend and 2.6M shares repurchased in '21; Continued share buy-backs in '22

Dividend

- \$466M in cash dividends paid in '21
- 2022 cash dividend of \$3.58 per share, +10% from '21
 - 66th consecutive year of increased dividends paid to our shareholders

Strong Cash Flow for Effective Capital Allocation

2022 Outlook¹

	FY'22*
Total Sales Growth	9% to 11%
• Automotive	4% to 6%
• Industrial	20% to 22%
Diluted EPS	\$7.45 to \$7.60
Adjusted Diluted EPS	\$7.45 to \$7.60
Adjusted EPS Growth	8% to 10%
Cash from Operations	\$1.5B to \$1.7B
Free Cash Flow ²	\$1.2B to \$1.4B

*Growth rates and EPS assume ~2% Fx headwind, including 2.5% in Automotive and 1% in Industrial

ASSUMPTIONS



- Corporate expenses ~\$200M to \$210M
- Capex ~\$300M to \$350M
- Depreciation and amortization \$350M to \$360M
- Interest expense \$78M to \$80M
- Tax rate ~25%

Strong Outlook with Strategic Growth Plans

Recap and Thoughts for 2022



2021 an exceptional year for GPC



Team focused on advancing strategic priorities for global automotive and industrial businesses



Double-digit sales and earnings growth, improved profit margin and strong cash flow in 2021



Confident in plans for accelerated growth and profitability as we build on underlying strength in businesses and realize benefits from KDG acquisition



Thanks to all our GPC teammates for taking great care of our customers!

Well-Positioned for Future Growth

Q&A

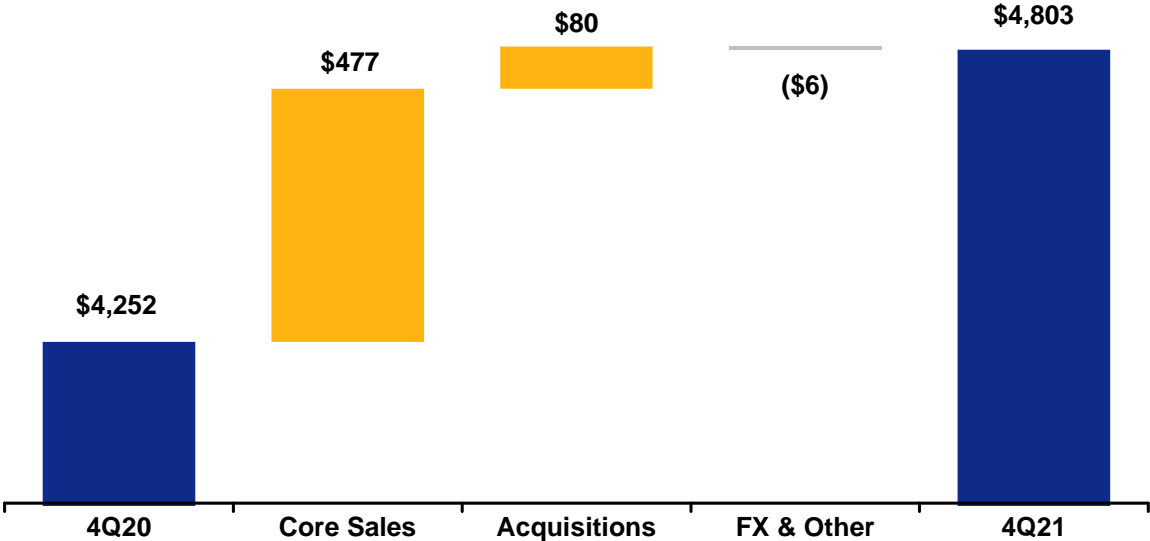


Appendix

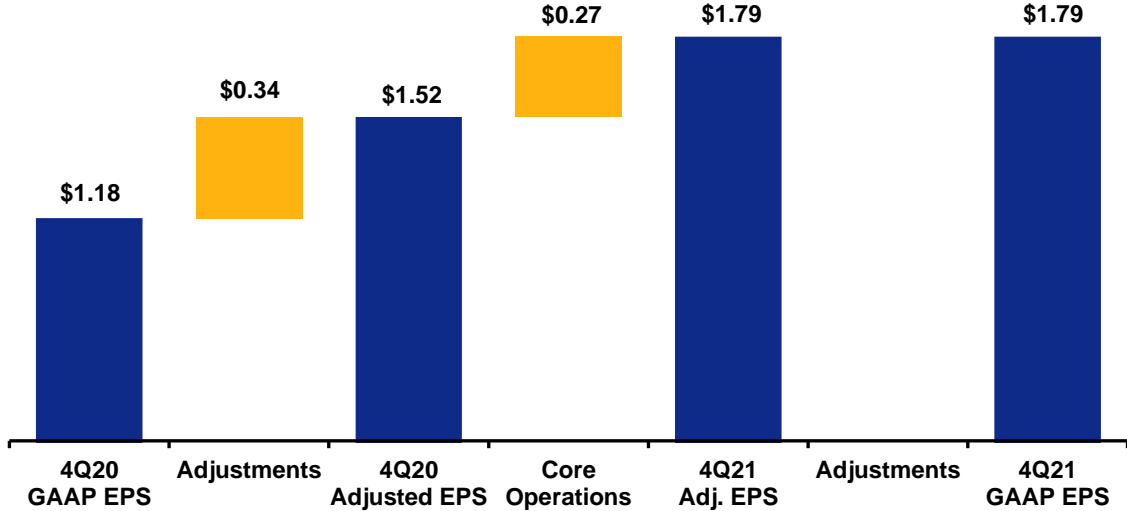


Consolidated Net Sales and Adj. Diluted EPS Bridge

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			
	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales:									
Automotive	\$ 12,544,131	\$ 2,953,165	\$ 3,196,299	\$ 3,204,534	\$ 3,190,133	\$ 2,582,685	\$ 2,495,799	\$ 2,960,379	\$ 2,821,832
Industrial	6,326,379	1,511,549	1,587,439	1,614,315	1,613,076	1,509,841	1,327,428	1,409,707	1,429,762
Total net sales	18,870,510	4,464,714	4,783,738	4,818,849	4,803,209	4,092,526	3,823,227	4,370,086	4,251,594
Segment profit:									
Automotive	1,073,427	235,678	290,758	281,150	265,841	142,578	218,906	266,124	240,135
Industrial	595,232	125,292	150,413	165,754	153,773	113,933	108,928	125,620	133,373
Total segment profit	1,668,659	360,970	441,171	446,904	419,614	256,511	327,834	391,744	373,508
Interest expense, net	(62,150)	(18,324)	(15,362)	(14,167)	(14,297)	(19,868)	(24,876)	(25,221)	(21,083)
Intangible asset amortization	(103,273)	(25,544)	(27,384)	(25,311)	(25,034)	(22,740)	(23,256)	(24,223)	(24,743)
Corporate expense	(174,842)	(31,243)	(51,397)	(47,389)	(44,813)	(55,061)	(28,613)	(33,379)	(32,701)
Other unallocated costs	(128,048)	—	(77,421)	(61,063)	10,436	1,751	(555,525)	(11,256)	(69,435)
Income (Loss) before income taxes from continuing operations	1,200,346	285,859	269,607	298,974	345,906	160,593	(304,436)	297,665	225,546
Income taxes from continuing operations	(301,556)	(68,149)	(73,111)	(70,389)	(89,907)	(38,247)	(59,065)	(64,747)	(53,914)
Net income from continuing operations	\$ 898,790	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999	\$ 122,346	\$ (363,501)	\$ 232,918	\$ 171,632
Segment profit margin:									
Automotive	8.6%	8.0%	9.1%	8.8%	8.3%	5.5%	8.8%	9.0%	8.5%
Industrial	9.4%	8.3%	9.5%	10.3%	9.5%	7.5%	8.2%	8.9%	9.3%
Total segment profit margin	8.8%	8.1%	9.2%	9.3%	8.7%	6.3%	8.6%	9.0%	8.8%

- (1) **Loss on software disposal:** Adjustment reflects a loss on an internally developed software project that was disposed of due to a change in management strategy related to advances in alternative technologies.
- (2) **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.
- (3) **Goodwill impairment charge:** Adjustment reflects a 2020 goodwill impairment charge related to our European reporting unit.
- (4) **Restructuring costs:** Adjustment reflects restructuring costs related to the execution of the 2019 Cost Savings Plan. 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.
- (5) **Realized currency loss:** Adjustment reflects realized currency losses related to divestitures.
- (6) **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.
- (7) **Gain on equity investment:** Adjustment relates to gains recognized upon remeasurement of certain equity investments to fair value upon acquiring the remaining equity of those entities.
- (8) **Inventory adjustment:** Adjustment reflects an increase to cost of goods sold recorded during the quarter ended December 31, 2020 due to the correction of an immaterial error related to the accounting in prior years for consideration received from vendors.
- (9) **Transaction and Other Costs:** Adjustment for the twelve months ended December 31, 2021 include transaction and other costs related to acquisitions. For the twelve months ended December 31, 2020, adjustment includes a \$17 million loss on investment, \$10 million of incremental costs associated with COVID-19 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			
	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP net income (loss) from continuing operations	\$ 898,790	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999	\$ 122,346	\$ (363,501)	\$ 232,918	\$ 171,632
Adjustments:									
Loss on software disposal (1)	61,063	—	—	61,063	—	—	—	—	—
Product liability damages award (2)	77,421	—	77,421	—	—	—	—	—	—
Goodwill impairment charge (3)	—	—	—	—	—	—	506,721	—	—
Restructuring costs (4)	—	—	—	—	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (5)	—	—	—	—	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (6)	(3,862)	—	—	—	(3,862)	(12,282)	(1,166)	—	—
Gain on equity investments (7)	(10,229)	—	—	—	(10,229)	—	—	—	—
Inventory adjustment (8)	—	—	—	—	—	—	—	—	40,000
Transaction and other costs (9)	3,655	—	—	—	3,655	7,549	13,555	288	18,425
Total adjustments	128,048	—	77,421	61,063	(10,436)	(1,751)	555,525	11,256	69,435
Tax impact of adjustments	(29,828)	—	(21,322)	(19,167)	10,661	(3,810)	(1,500)	(7,423)	(20,089)
Adjusted net income from continuing operations	\$ 997,010	\$ 217,710	\$ 252,595	\$ 270,481	\$ 256,224	\$ 116,785	\$ 190,524	\$ 236,751	\$ 220,978

(in thousands, except per share data)	2021	2021				2020			
	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Diluted net income (loss) from continuing operations per common share	\$ 6.23	\$ 1.50	\$ 1.36	\$ 1.59	\$ 1.79	\$ 0.84	\$ (2.52)	\$ 1.61	\$ 1.18
Adjustments:									
Loss on software disposal (1)	0.42	—	—	0.42	—	—	—	—	—
Product liability damages award (2)	0.54	—	0.53	—	—	—	—	—	—
Goodwill impairment charge (3)	—	—	—	—	—	—	3.51	—	—
Restructuring costs (4)	—	—	—	—	—	0.02	0.17	0.07	0.08
Realized currency loss on divestitures (5)	—	—	—	—	—	—	0.08	—	—
Gain on insurance proceeds related to SPR Fire (6)	(0.03)	—	—	—	(0.03)	(0.08)	(0.01)	—	—
Gain on equity investments (7)	(0.07)	—	—	—	(0.07)	—	—	—	—
Inventory adjustment (7)	—	—	—	—	—	—	—	—	0.28
Transaction and other costs (8)	0.03	—	—	—	0.03	0.05	0.10	—	0.12
Total adjustments	0.89	—	0.53	0.42	(0.07)	(0.01)	3.85	0.07	0.48
Tax impact of adjustments	(0.21)	—	(0.15)	(0.13)	0.07	(0.03)	(0.01)	(0.05)	(0.14)
Adjusted diluted net income from continuing operations per common share	\$ 6.91	\$ 1.50	\$ 1.74	\$ 1.88	\$ 1.79	\$ 0.80	\$ 1.32	\$ 1.63	\$ 1.52
Weighted average common shares outstanding — assuming dilution	144,221	145,300	144,983	143,589	143,053	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			
	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP net income (loss) from continuing operations	\$ 898,790	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999	\$ 122,346	\$ (363,501)	\$ 232,918	\$ 171,632
Interest expense, net	62,150	18,324	15,362	14,167	14,297	19,868	24,876	25,221	21,083
Income taxes from continuing operations	301,556	68,149	73,111	70,389	89,907	38,247	59,065	64,747	53,914
EBIT	1,262,496	304,183	284,969	313,141	360,203	180,461	(279,560)	322,886	246,629
Loss on software disposal (1)	61,063	—	—	61,063	—	—	—	—	—
Product liability damages award (2)	77,421	—	77,421	—	—	—	—	—	—
Goodwill impairment charge (3)	—	—	—	—	—	—	506,721	—	—
Restructuring costs (4)	—	—	—	—	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (5)	—	—	—	—	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (6)	(3,862)	—	—	—	(3,862)	(12,282)	(1,166)	—	—
Gain on equity investments (7)	(10,229)	—	—	—	(10,229)	—	—	—	—
Inventory adjustment (8)	—	—	—	—	—	—	—	—	40,000
Transaction and other costs (9)	3,655	—	—	—	3,655	7,549	13,555	288	18,425
Adjusted EBIT	\$ 1,390,544	\$ 304,183	\$ 362,390	\$ 374,204	\$ 349,767	\$ 178,710	\$ 275,965	\$ 334,142	\$ 316,064

(in thousands)	2021	2021				2020			
	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP net income (loss) from continuing operations	\$ 898,790	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999	\$ 122,346	\$ (363,501)	\$ 232,918	\$ 171,632
Depreciation and amortization	290,971	72,296	73,960	72,121	72,594	67,254	66,733	69,097	69,758
Interest expense, net	62,150	18,324	15,362	14,167	14,297	19,868	24,876	25,221	21,083
Income taxes from continuing operations	301,556	68,149	73,111	70,389	89,907	38,247	59,065	64,747	53,914
EBITDA	1,553,467	376,479	358,929	385,262	432,797	247,715	(212,827)	391,983	316,387
Loss on software disposal (1)	61,063	—	—	61,063	—	—	—	—	—
Product liability damages award (2)	77,421	—	77,421	—	—	—	—	—	—
Goodwill impairment charge (3)	—	—	—	—	—	—	506,721	—	—
Restructuring costs (4)	—	—	—	—	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (5)	—	—	—	—	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (6)	(3,862)	—	—	—	(3,862)	(12,282)	(1,166)	—	—
Gain on equity investments (7)	(10,229)	—	—	—	(10,229)	—	—	—	—
Inventory adjustment (8)	—	—	—	—	—	—	—	—	40,000
Transaction and other costs (9)	3,655	—	—	—	3,655	7,549	13,555	288	18,425
Adjusted EBITDA	\$ 1,681,515	\$ 376,479	\$ 436,350	\$ 446,325	\$ 422,361	\$ 245,964	\$ 342,698	\$ 403,239	\$ 385,822

Reconciliation of Non-GAAP Financial Measures

Appendix D

Adjusted Gross Profit

(in thousands)	Three Months Ended December 31,		QTD Change	
	2021	2020	\$ Change	% Change
GAAP Gross Profit	\$ 1,693,449	\$ 1,448,110	\$ 245,339	16.9%
Adjustments:				
Inventory adjustment	—	40,000	(40,000)	(100.0)%
Total Adjustments (1)	—	40,000	(40,000)	(100.0)%
Adjusted Gross Profit	\$ 1,693,449	\$ 1,488,110	\$ 205,339	13.8%
Adjusted Gross Profit as a Percent of GAAP Net Sales	35.3%	35.0%		30 bps

Adjusted Operating and Non-Operating Expenses

(in thousands)	Three Months Ended December 31,		QTD Change	
	2021	2020	\$ Change	% Change
GAAP operating and non-operating expenses	\$ 1,347,543	\$ 1,222,564	\$ 124,979	10.2%
Adjustments:				
Restructuring costs	—	11,010	(11,010)	(100.0)%
Gain on insurance proceeds related to SPR fire	(3,862)	—	(3,862)	100.0%
Gain on equity investment	(10,229)	—	(10,229)	100.0%
Transaction and other costs	3,655	18,425	(14,770)	(80.2)%
Less: Total Adjustments (1)	(10,436)	29,435	(39,871)	NM
Adjusted operating and non-operating expenses	\$ 1,357,979	\$ 1,193,129	\$ 164,850	13.8%
Adjusted operating and non-operating expenses as a percent of GAAP net sales	28.3%	28.1%		20 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
 NM – Not meaningful

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

Adjusted Tax Rate

(in thousands)	Three Months Ended December 31,	
	2021	2020
GAAP Income before taxes	\$ 345,906	\$ 225,546
Total adjustments (1)	(10,436)	69,435
Adjusted income before taxes	\$ 335,470	\$ 294,981
GAAP Income taxes	\$ 89,907	\$ 53,914
Tax impact of adjustments	(10,661)	20,089
Adjusted income taxes	\$ 79,246	\$ 74,003
GAAP tax rate	26.0%	23.9%
Adjusted tax rate	23.6%	25.1%

Free Cash Flow

(in thousands)	Twelve Months Ended December 31,	
Net cash provided by operating activities	\$	1,258,285
Less: Purchases of property, plant and equipment		(266,136)
Free Cash Flow	\$	992,149

	Updated Outlook
	December 31, 2022
Net cash provided by operating activities from continuing operations	\$1.5 billion to \$1.7 billion
Purchases of property, plant and equipment	\$300 million to \$350 million
Free Cash Flow	\$1.2 billion to \$1.4 billion

