



**Q1 2022
Earnings Presentation**

April 21, 2022

Genuine Parts Company Snapshot

Key Statistics¹

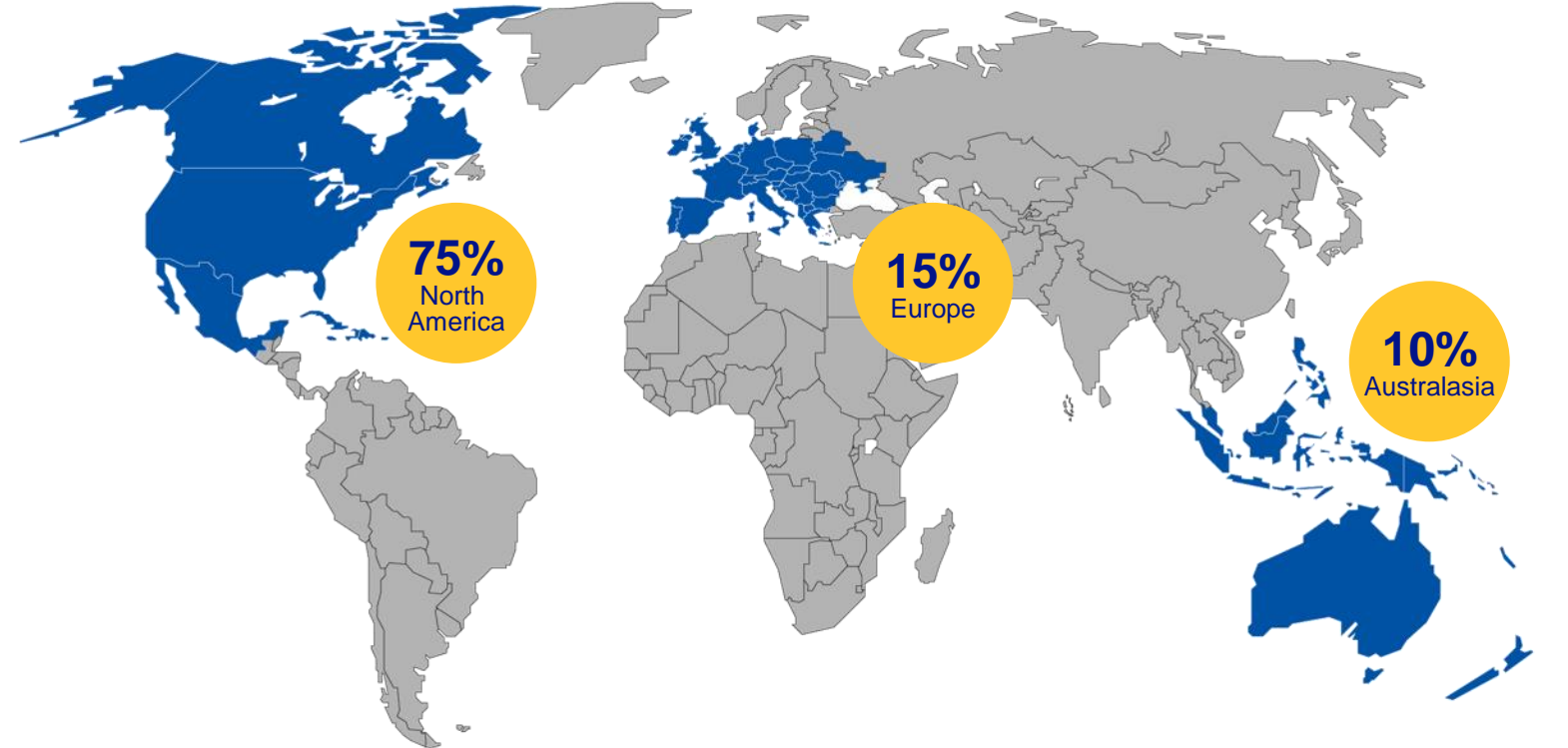
Founded	1928
Headquarters	Atlanta, GA
Countries Served ²	17
Locations	~10,550
<ul style="list-style-type: none"> • Warehouses • Distribution Facilities • Retail (Owned/Independent) 	<ul style="list-style-type: none"> ~850 ~200 ~9,500
Employees	~52,000
Market Capitalization	~\$18.0B

TTM Financial Highlights¹

Revenue	\$19.7B
<ul style="list-style-type: none"> • Automotive • Industrial 	<ul style="list-style-type: none"> 65% 35%
Segment Profit Margin ³	8.9%
Free Cash Flow ⁴	~\$1.1B
Dividend Yield ⁵	2.8%

Global Footprint

TTM 2022 Revenue by Region¹



Leading Global Distributor in Diversified End Markets

Safe Harbor Statement

FORWARD-LOOKING STATEMENTS: Some statements in this presentation, as well as in other materials we file with the Securities and Exchange Commission (SEC), release to the public, or make available on our 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 our view of business and economic trends for the remainder of the year, our expectations regarding our ability to capitalize on these business and economic trends and to execute our strategic priorities, and the updated full-year 2022 financial guidance provided. Senior officers may also make verbal statements to analysts, investors, the media and others that are forward-looking. We caution you 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; our ability to maintain compliance with our debt covenants; our ability to successfully integrate acquired businesses into our operations and to realize the anticipated synergies and benefits; our ability to successfully implement our business initiatives in our two business segments; slowing demand for our 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 us and our suppliers and customers; changes in general economic conditions, including unemployment, inflation (including the impact of tariffs) or deflation and geopolitical conflicts such as the conflict between Russia and Ukraine; changes in tax policies; volatile exchange rates; volatility in oil prices; significant cost increases, such as rising fuel and freight expenses; our 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 our information systems, as well as other risks and uncertainties discussed in our Annual Report on Form 10-K for 2021 and from time to time in our subsequent filings with the SEC, all of which may be amplified by the COVID-19 pandemic and the geopolitical conflicts, such as the current conflict between Russia and Ukraine. Forward-looking statements speak only as of the date they are made, and we undertake no duty to update any forward-looking statements except as required by law.

NON-GAAP MEASURES: This presentation contains adjusted net income, adjusted diluted earnings per share, adjusted EBIT and adjusted EBITDA, 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.



Q1 2022 Highlights



Paul Donahue
Chairman & CEO

Key Messages

- 01** | Pleased with continued strength in results and proud of the great work by all our 52,000 teammates
- 02** | Q1 highlighted by 1) New sales records for GPC and our Automotive and Industrial segments; 2) Margin expansion; 3) Double-digit earnings growth, and 4) Strengthened balance sheet and cash flow
- 03** | Focused on key strategic priorities to sustain accelerated sales growth, improve gross margin and enhance operational efficiencies, in face of ongoing supply chain challenges and inflationary pressures
- 04** | Executing acquisition strategy, with excellent progress on integration of Kaman Distribution Group in Industrial and expansion of Automotive footprint in Europe with recent entry into key new markets in Spain and Portugal

Execution Driving Momentum and Well-Positioned to Gain Share

Q1 2022 Performance Highlights

\$5.3B Total Sales, +19% from 2021, and +29% from 2020¹

01

- 1) Monthly daily sales² trends up mid to high teens in all three months
- 2) Automotive growth benefiting from strategic initiatives, strong demand, inflation and market tailwinds
- 3) Industrial growth driven by growth initiatives, including addition of KDG, and continued strength in industrial economy

02

Segment Margin of 8.6%, +50 bps YoY and +230 bps on a 2-year stack

- 1) 18th consecutive quarter of gross margin improvement
- 2) Continued execution of cost initiatives to enhance productivity and offset inflationary pressures

03

GAAP Net Income of \$246M; GAAP Diluted EPS of \$1.72
Adjusted Net Income of \$266M; Adjusted Diluted EPS of \$1.86; +24%³

Strong Financial Performance

Automotive: Highlights, Trends and Initiatives

Total sales +11% Q1

Q1 Comp Sales¹ +10%; 2-Year Stack +19%; Segment Profit Margin 8.1%, +10 bps; 2-Year Stack +260 bps

MACRO	NORTH AMERICA	EUROPE	AUSTRALASIA
<ul style="list-style-type: none"> • Strong long-term industry fundamentals <ul style="list-style-type: none"> – Growing and aging car parc • Tailwinds: <ul style="list-style-type: none"> – Improvement to miles driven – Fewer new car sales – Elevated used car prices • Headwinds: <ul style="list-style-type: none"> – Global supply chain constraints – Labor shortages – Impact of inflation on costs – Rising fuel prices and transportation costs 	<ul style="list-style-type: none"> • Total U.S. Sales +15%; +22% 2-Year Stack <ul style="list-style-type: none"> – +12% comp sales¹; +18% 2-Year Stack • Strong demand for brakes and under car • Strong DIFM and DIY sales • Double-digit growth for all DIFM segments • B2C digital investments driving sustained Retail strength <ul style="list-style-type: none"> – Q1 online sales +49% • Total Canadian Sales +14%; +18% 2-Year Stack <ul style="list-style-type: none"> – +13% comp sales¹; +16% 2-Year Stack – Re-opening of economy continues to improve demand in key markets 	<ul style="list-style-type: none"> • Total European Sales +14%; +28% 2-Year Stack <ul style="list-style-type: none"> – +7% comp sales¹; +22% 2-Year Stack • Steady growth across all seven European markets <ul style="list-style-type: none"> – Focus on key account development – Leading inventory availability – Excellent customer service • Benefit of NAPA brand roll-out <ul style="list-style-type: none"> – Product expansion of strategic categories; brakes, shocks and oil • Expansion into new key markets in Spain and Portugal with April acquisition of Lausan 	<ul style="list-style-type: none"> • Total Australasian Sales +10%; +25% 2-Year Stack <ul style="list-style-type: none"> – +8% comp sales¹; +23% 2-Year Stack • Strength in both DIFM and DIY • Maximizing sales opportunities and gaining market share <ul style="list-style-type: none"> – Re-opening of economy continues to improve 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"> – 66 NAPA stores on March 31, 2022

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

Total sales +34% Q1

Q1 Comp Sales¹ +16%; 2-Year Stack +14%; Segment Profit Margin 9.3%, +100 bps; 2-Year Stack +180 bps

MACRO

- **Continued improvement in Industrial sales trends**
- Continued strength in industrial economy
- Strong correlation to manufacturing PMI and industrial production as U.S. demand indicators – both supportive of growth
 - PMI consistently strong in Q1
 - Industrial production +8.1% in Q1
- **Strong growth outlook for plant automation and robotics solutions**
- Inflationary pricing environment

NORTH AMERICA AND AUSTRALASIA

- **Fourth consecutive quarter of double-digit comp sales**
- Growth initiatives driving improved sales trends
- **Excellent progress with integration of Kaman Distribution Group**
- Strong operating results across the businesses
- **Increase in sales across 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

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

Environmental, Social and Governance



We will be an active caretaker of our local and global communities. We will ensure that our practices are continuing to build a sustainable and ethically responsible business that seeks to benefit our communities and minimize potential negative impacts from our operations.

Focus Areas for 2022

Carbon Emissions Reduction / Focus on Climate Change

- Global carbon footprint is measured
- Formalize carbon emission reduction strategy
- Set emission reduction targets and disclose in 2022 Sustainability Report
- Focus on energy efficiency

Continued Focus on Diversity, Equity and Inclusion

- Continued DEI training
- Establish Business Resource Groups
- Implement Supplier Diversity Program



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

- ✓ Welcome new EVP, Supply Chain Officer at US Automotive
- ✓ Met with leadership in Canada for the first time in two years
- ✓ Traveled to Australia to meet with teams and perform deep dive initiative reviews



Sales Effectiveness

- ✓ Market density with enhanced sales coverage
- ✓ Data and analytics to deliver profitable growth
- ✓ Customer loyalty with improved customer experiences



Technology

- ✓ Gaining positive traction in our efforts across B2B digital, inventory, store systems, payments, and workforce management platforms
- ✓ Investment in diverse engineering talent across technology organization
- ✓ Evolving our operating approach to leverage common solutions



Supply Chain

- ✓ Visited with teams in Mid-Atlantic at US Automotive to assess performance and thank teams
- ✓ Met with extended Motion Field Leadership about ongoing projects
- ✓ Network and automation investments in New Zealand and Victoria



Emerging Technology

- ✓ Hosted our first emerging tech supplier council session
- ✓ Executed various targeted inventory strategies to serve current EV market needs
- ✓ Advanced numerous emerging tech commercial partnership discussions across geographies

M&A

- ✓ Bolt-on execution continues to be active
- ✓ KDG integration and synergy efforts are ahead of plan



Financial Performance



Carol Yancey
EVP & CFO

Q1 2022 Financial Results

(\$M, except per share data)

Sales	Adj. Gross Profit ¹	Adj. Op/Non-Op Expenses ¹	Segment Profit ³	Adj. Diluted EPS ¹
+18.6%	+18.8%	+17.9%	+25.5%	+24.0%
<ul style="list-style-type: none"> • +12% comp sales² <ul style="list-style-type: none"> – Business and economic recovery across all business segments and regions – Execution of sales initiatives – Strong demand – Benefit from product pricing • +8.7% from acquisitions <ul style="list-style-type: none"> – Various strategic automotive store groups across geographies – Kaman acquisition in Industrial • -1.8% FX/Other 	<ul style="list-style-type: none"> • 18 consecutive quarterly increases in Gross Margin • Driven by benefits of: <ul style="list-style-type: none"> – Strategic category mgmt. initiatives – Pricing initiatives – Global sourcing 	<ul style="list-style-type: none"> • Leveraging expenses and operating in-line with plans for the year <ul style="list-style-type: none"> – Ongoing focus on controlling costs – Greater automation/efficiencies – Facility consolidations to optimize network • Increase in variable costs related to \$830M sales growth • Rising cost pressures from wages, freight and transportation 	<ul style="list-style-type: none"> • +230 bp margin improvement on a 2-Year Stack • Gross margin expansion in both Automotive and Industrial • Ongoing expense management and execution of operational initiatives, offset by cost inflation 	<ul style="list-style-type: none"> • 7th consecutive quarter of double-digit growth • Reported earnings per diluted share <ul style="list-style-type: none"> – \$1.72 in Q1 2022 – \$1.50 in Q1 2021 • Adj. tax rate¹ 24.5% compared to a rate of 23.8% in Q1 2021 <ul style="list-style-type: none"> – Rate increase due to income mix shifts and PY sale of real estate



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

Q1 2022 Segment Performance

(\$M)

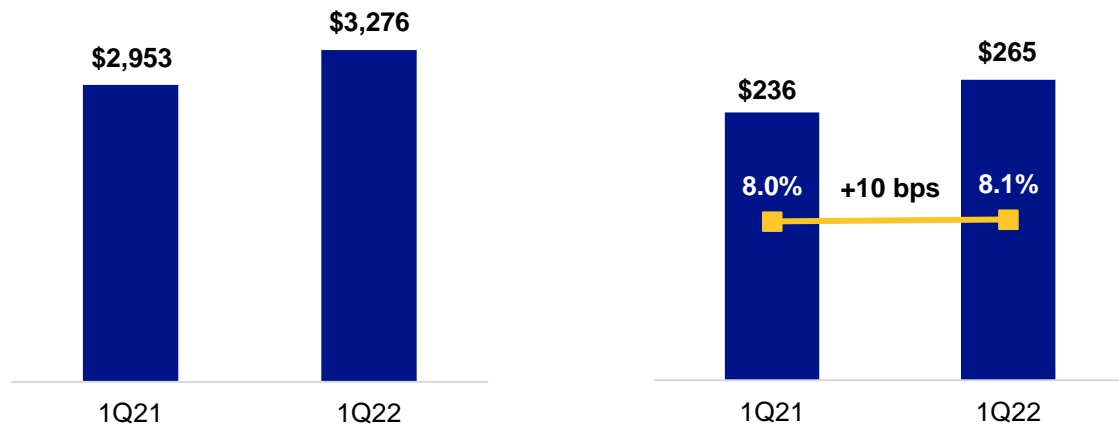
Automotive

Sales

+10.9%

Segment Profit¹

+12.3%



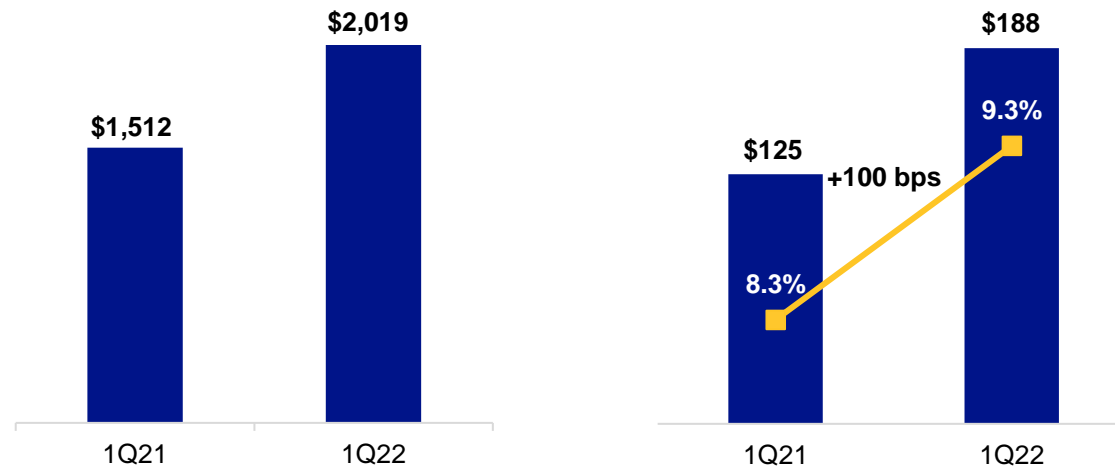
Industrial

Sales

+33.6%

Segment Profit¹

+50.3%



Automotive Highlights

- Total sales +11%; +27% from 2020
 - 10% comp sales² increase
- HSD to Low-teens comp sales² across all operations
- Positive DIFM and DIY growth with strength in both segments
- Sales improvement a function of growth initiatives and strong demand
- +260 bp margin improvement on 2-year stack

Industrial Highlights

- Total sales +34%; +34% from 2020
 - 16% comp sales² increase
 - Benefits from KDG acquisition
- Strengthening core growth due to execution of growth initiatives
 - Improved profit margin for the 7th consecutive quarter
 - +180 bp margin improvement on a 2-year stack

Strong Balance Sheet and Robust Cash Generation

BALANCE SHEET HIGHLIGHTS¹ (\$B)

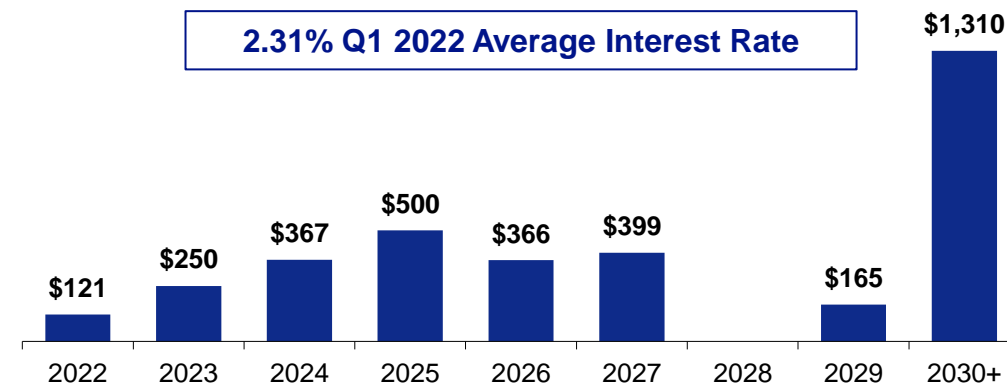
Cash / Cash Equivalents	\$0.6
Accounts Receivable	\$2.1
Inventory	\$4.2
Total Assets	\$16.3
Accounts Payable	\$5.2
Total Debt	\$3.5
Total Liabilities	\$12.7
Working Capital ²	\$1.2

LIQUIDITY PROFILE¹ (\$B)

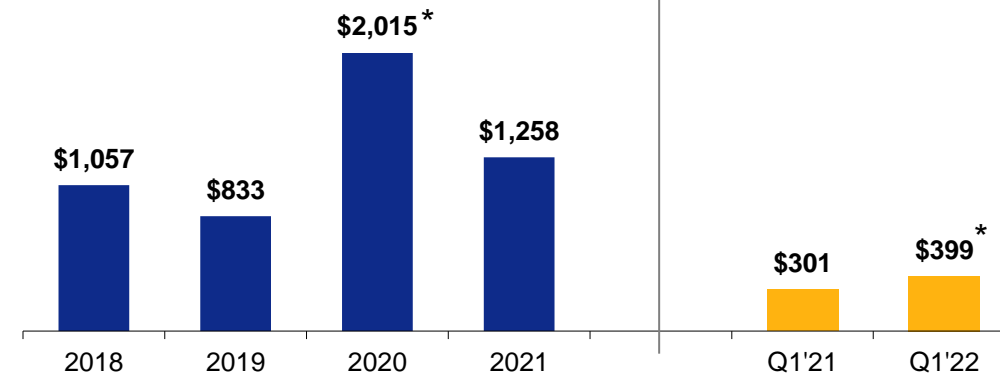
Total Credit Capacity ³	\$4.9
Less Total Debt:	(\$3.5)
Unused Credit Capacity	\$1.4
Cash	\$0.6
Total Available Liquidity	\$2.0

Total debt to adj EBITDA (TTM)⁴ 2.0x

DEBT MATURITY SCHEDULE¹ (\$M)



CASH FLOW FROM OPERATIONS (\$M)



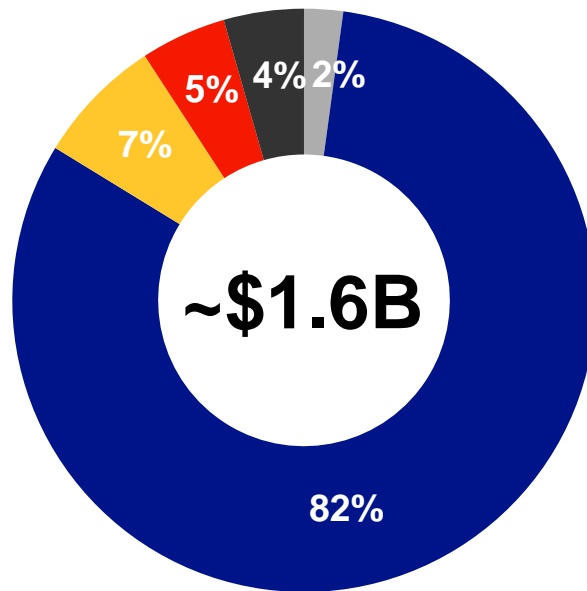
* Includes benefit of A/R sales agreement

- **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 to 2.0x from 1.7x on March 31, 2021**
 - Leveraged strong balance sheet for attractive opportunity in Industrial

¹ As of 3/31/2022; 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)

Effective Capital Allocation

YTD 2022 Capital Deployment



Key Priorities

Reinvestment

- \$78M CapEx YTD
- Projecting 2022 spend of ~\$300M to \$350M

Share Repurchases

- \$73M spend for ~570K shares in Q1
- Plans for additional share buy-backs

M&A

KDG

- \$1.4B YTD, including \$1.3B for KDG acquisition;
- Targeting additional bolt-on acquisitions for 2022

Dividend

- 2022 cash dividend of \$3.58 per share, +10% from 2021
 - 66th consecutive year of increased dividends paid to our shareholders
 - \$116M YTD spend

2022 Outlook¹

	Current	Previous
Total Sales Growth	10% to 12%	9% to 11%
<ul style="list-style-type: none"> Automotive Industrial 	5% to 7% 21% to 23%	4% to 6% 20% to 22%
Diluted EPS	\$7.56 to \$7.71	\$7.45 to \$7.60
Adjusted Diluted EPS	\$7.70 to \$7.85	\$7.45 to \$7.60
Adjusted EPS Growth	11% to 14%	9% to 11%
Cash from Operations	\$1.5B to \$1.7B	\$1.5B to \$1.7B
Free Cash Flow ²	\$1.2B to \$1.4B	\$1.2B to \$1.4B

Consistent with previous outlook, growth rates and EPS assume ~2% Fx headwind, including 2.5% in Automotive and 1% in Industrial

ASSUMPTIONS



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

Strong Outlook with Strategic Growth Plans

Closing Messages



Proud of our progress in the first quarter and the strong results to start the year



Pleased to report new sales records, margin expansion, double-digit earnings growth, a strengthened balance sheet and strong cash flow



Kaman Distribution Group integration is progressing well and ahead of plan

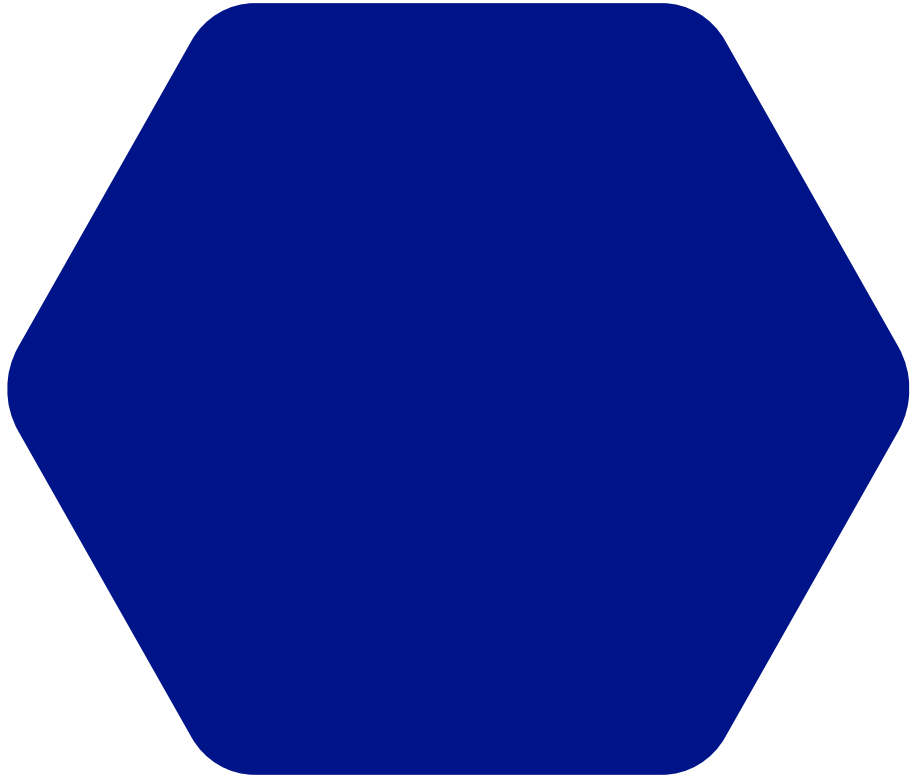


Increased sales and earnings outlook reflects the confidence in our plans for accelerated growth and profitability as we build the positive momentum in our Automotive and Industrial businesses

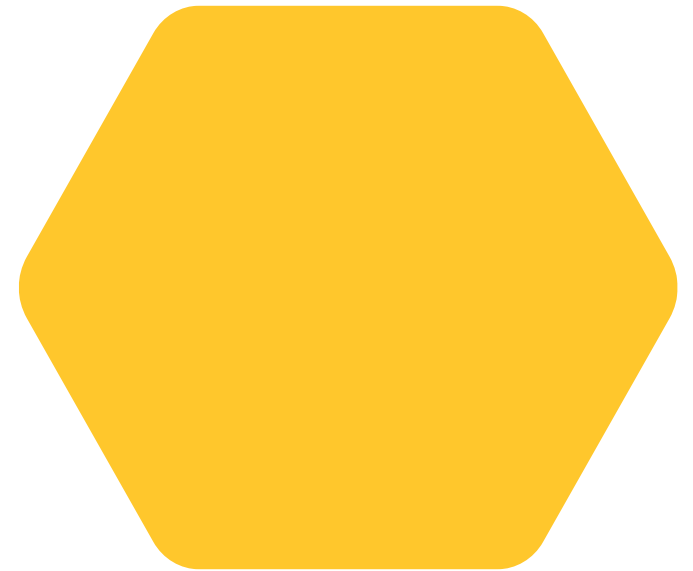


Thank you to each of our GPC teammates for taking great care of our customers and delivering strong results!

Well Positioned for Future Growth



Q&A

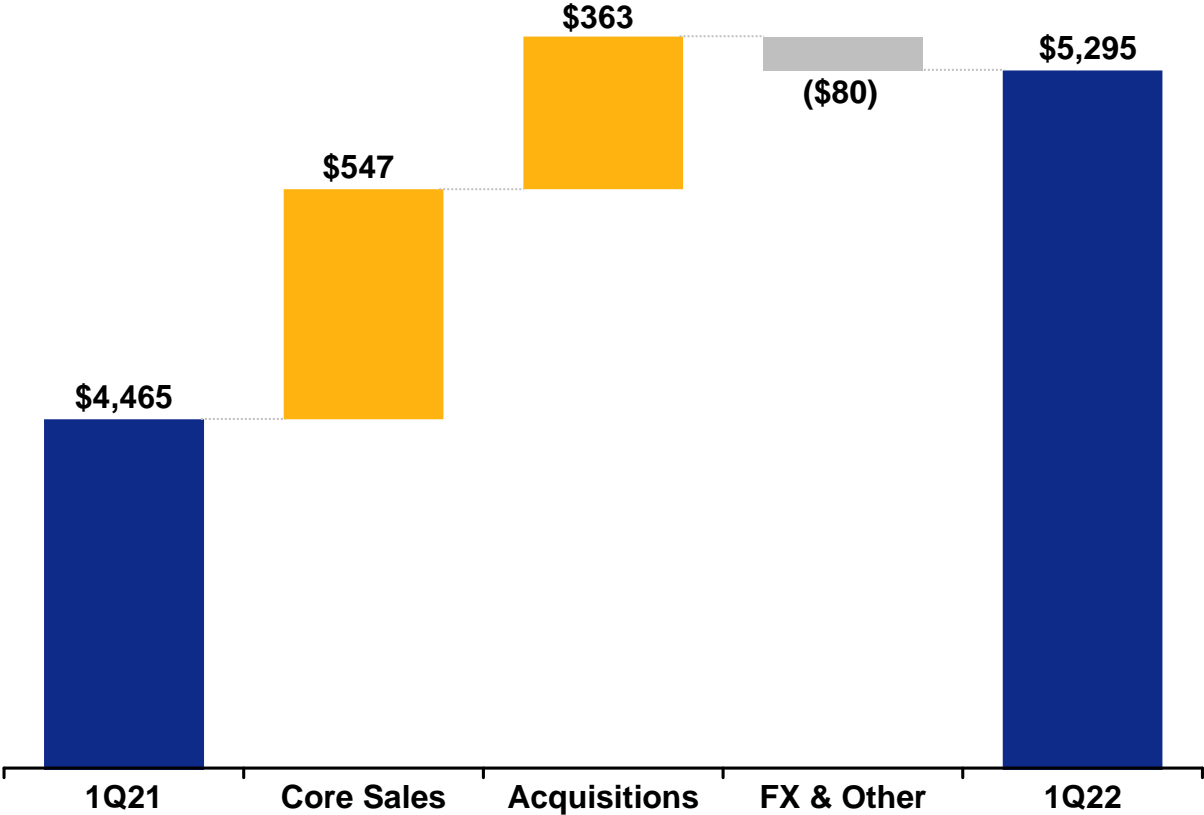




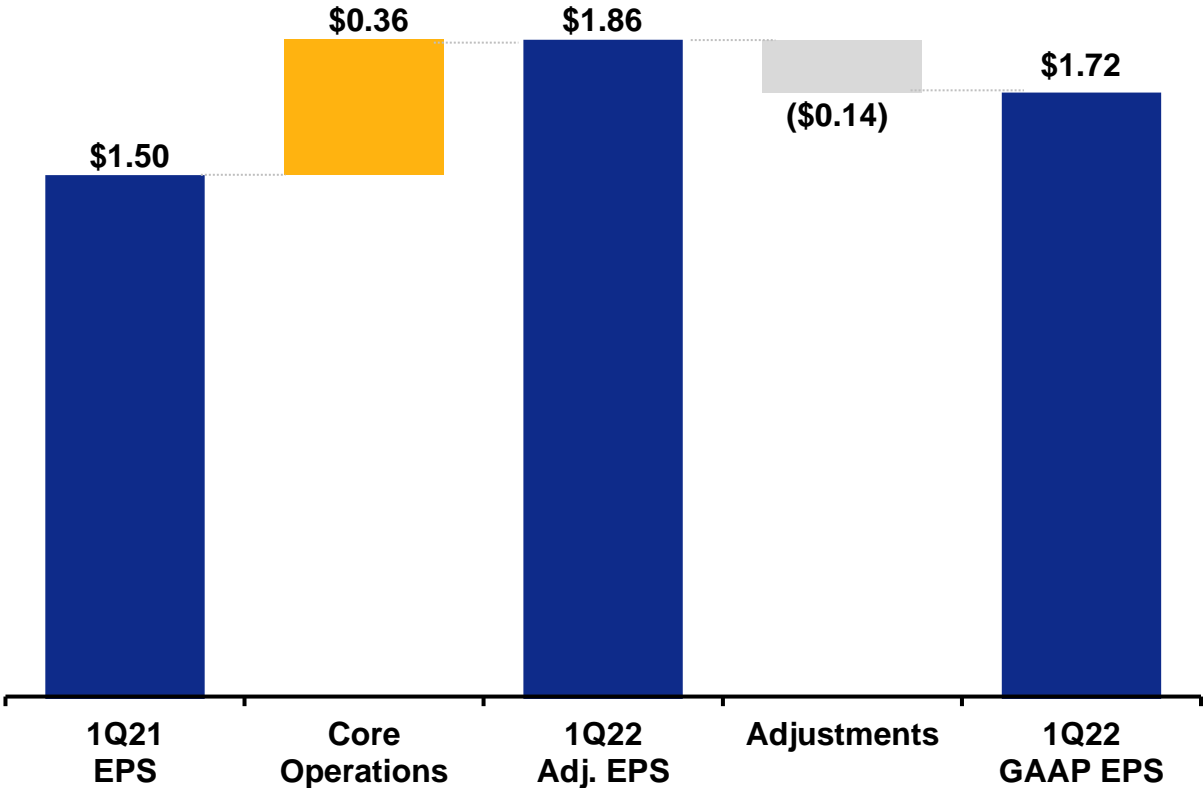
Appendix

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)	2022	2022	2021			
	TTM	Q1	Q1	Q2	Q3	Q4
Net sales:						
Automotive	\$ 12,866,587	\$ 3,275,621	\$ 2,953,165	\$ 3,196,299	\$ 3,204,534	\$ 3,190,133
Industrial	6,833,844	2,019,014	1,511,549	1,587,439	1,614,315	1,613,076
Total net sales	19,700,431	5,294,635	4,464,714	4,783,738	4,818,849	4,803,209
Segment profit:						
Automotive	1,102,322	264,573	235,678	290,758	281,150	265,841
Industrial	658,293	188,353	125,292	150,413	165,754	153,773
Total segment profit	1,760,615	452,926	360,970	441,171	446,904	419,614
Interest expense, net	(63,676)	(19,850)	(18,324)	(15,362)	(14,167)	(14,297)
Intangible asset amortization	(117,423)	(39,694)	(25,544)	(27,384)	(25,311)	(25,034)
Corporate expense	(185,350)	(41,751)	(31,243)	(51,397)	(47,389)	(44,813)
Other unallocated costs	(153,963)	(25,915)	—	(77,421)	(61,063)	10,436
Income before income taxes	1,240,203	325,716	285,859	269,607	298,974	345,906
Income taxes	(313,285)	(79,878)	(68,149)	(73,111)	(70,389)	(89,907)
Net income	\$ 926,918	\$ 245,838	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999
Segment profit margin:						
Automotive	8.6%	8.1%	8.0%	9.1%	8.8%	8.3%
Industrial	9.6%	9.3%	8.3%	9.5%	10.3%	9.5%
Total segment profit margin	8.9%	8.6%	8.1%	9.2%	9.3%	8.7%

- (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) **Gain on insurance proceeds:** Adjustment reflects insurance recoveries in excess of losses incurred on inventory, property, plant and equipment and other fire-related costs.
- (4) **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.
- (5) **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

(in thousands)	2022	2022	2021			
	TTM	Q1	Q1	Q2	Q3	Q4
GAAP net income	\$ 926,918	\$ 245,838	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999
Adjustments:						
Loss on software disposal (1)	61,063	—	—	—	61,063	—
Product liability damages award (2)	77,421	—	—	77,421	—	—
Gain on insurance proceeds (3)	(4,496)	(634)	—	—	—	(3,862)
Gain on equity investments (4)	(10,229)	—	—	—	—	(10,229)
Transaction and other costs (5)	30,204	26,549	—	—	—	3,655
Total adjustments	153,963	25,915	—	77,421	61,063	(10,436)
Tax impact of adjustments	(35,931)	(6,103)	—	(21,322)	(19,167)	10,661
Adjusted net income	\$ 1,044,950	\$ 265,650	\$ 217,710	\$ 252,595	\$ 270,481	\$ 256,224

(in thousands, except per share data)	2022	2022	2021			
	TTM	Q1	Q1	Q2	Q3	Q4
Diluted net income per common share	\$ 6.49	\$ 1.72	\$ 1.50	\$ 1.36	\$ 1.59	\$ 1.79
Adjustments:						
Loss on software disposal (1)	0.43	—	—	—	0.42	—
Product liability damages award (2)	0.54	—	—	0.53	—	—
Gain on insurance proceeds (3)	(0.03)	(0.01)	—	—	—	(0.03)
Gain on equity investments (4)	(0.07)	—	—	—	—	(0.07)
Transaction and other costs (5)	0.21	0.19	—	—	—	0.03
Total adjustments	1.08	0.18	—	0.53	0.42	(0.07)
Tax impact of adjustments	(0.25)	(0.04)	—	(0.15)	(0.13)	0.07
Adjusted diluted net income per common share	\$ 7.32	\$ 1.86	\$ 1.50	\$ 1.74	\$ 1.88	\$ 1.79
Weighted average common shares outstanding — assuming dilution	142,842	142,842	145,300	144,983	143,589	143,053



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

Adjusted EBIT and Adjusted EBITDA

(in thousands)	2022	2022	2021			
	TTM	Q1	Q1	Q2	Q3	Q4
GAAP net income	\$ 926,918	\$ 245,838	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999
Interest expense, net	63,676	19,850	18,324	15,362	14,167	14,297
Income taxes	313,285	79,878	68,149	73,111	70,389	89,907
EBIT	1,303,879	345,566	304,183	284,969	313,141	360,203
Loss on software disposal (1)	61,063	—	—	—	61,063	—
Product liability damages award (2)	77,421	—	—	77,421	—	—
Gain on insurance proceeds (3)	(4,496)	(634)	—	—	—	(3,862)
Gain on equity investments (4)	(10,229)	—	—	—	—	(10,229)
Transaction and other costs (5)	30,204	26,549	—	—	—	3,655
Adjusted EBIT	<u>\$ 1,457,842</u>	<u>\$ 371,481</u>	<u>\$ 304,183</u>	<u>\$ 362,390</u>	<u>\$ 374,204</u>	<u>\$ 349,767</u>
(in thousands)	2022	2022	2021			
	TTM	Q1	Q1	Q2	Q3	Q4
GAAP net income	\$ 926,918	\$ 245,838	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999
Depreciation and amortization	306,044	87,369	72,296	73,960	72,121	72,594
Interest expense, net	63,676	19,850	18,324	15,362	14,167	14,297
Income taxes	313,285	79,878	68,149	73,111	70,389	89,907
EBITDA	1,609,923	432,935	376,479	358,929	385,262	432,797
Loss on software disposal (1)	61,063	—	—	—	61,063	—
Product liability damages award (2)	77,421	—	—	77,421	—	—
Gain on insurance proceeds (3)	(4,496)	(634)	—	—	—	(3,862)
Gain on equity investments (4)	(10,229)	—	—	—	—	(10,229)
Transaction and other costs (5)	30,204	26,549	—	—	—	3,655
Adjusted EBITDA	<u>\$ 1,763,886</u>	<u>\$ 458,850</u>	<u>\$ 376,479</u>	<u>\$ 436,350</u>	<u>\$ 446,325</u>	<u>\$ 422,361</u>

Reconciliation of Non-GAAP Financial Measures

Appendix D

Adjusted Gross Profit

(in thousands)	Three Months Ended March 31,		QTD Change	
	2022	2021	\$ Change	% Change
GAAP Gross Profit	\$ 1,825,947	\$ 1,540,815	\$ 285,132	18.5%
Adjustments:				
Transaction and other costs (5)	5,000	—	5,000	100.0%
Total Adjustments	5,000	-	5,000	100.0%
Adjusted Gross Profit	\$ 1,830,947	\$ 1,540,815	\$ 290,132	18.8%
Adjusted Gross Profit as a Percent of GAAP Net Sales	34.6%	34.5%		10 bps

Adjusted Operating and Non-Operating Expenses

(in thousands)	Three Months Ended March 31,		QTD Change	
	2022	2021	\$ Change	% Change
GAAP operating and non-operating expenses	\$ 1,500,231	\$ 1,254,956	\$ 245,275	19.5%
Adjustments:				
Gain on insurance proceeds (3)	634	—	634	100.0%
Transaction and other costs (5)	(21,549)	—	(21,549)	100.0%
Less: Total Adjustments	(20,915)	-	(20,915)	100.0%
Adjusted operating and non-operating expenses	\$ 1,479,316	\$ 1,254,956	\$ 224,360	17.9%
Adjusted operating and non-operating expenses as a percent of GAAP net sales	27.9%	28.1%		-20 bps

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

Adjusted Tax Rate

(in thousands)	Three Months Ended March 31,	
	2022	2021
GAAP net income	\$ 245,838	\$ 217,710
Adjustments:		
Gain on insurance proceeds (3)	(634)	—
Transaction and other costs (5)	26,549	—
Total adjustments	25,915	—
Tax impact of adjustments	(6,103)	—
Adjusted net income	\$ 265,650	\$ 217,710

Free Cash Flow

(in thousands)	TTM Ended March 31, 2022	
Net cash provided by operating activities	\$	1,356,151
Less: Purchases of property, plant and equipment		(295,790)
Free Cash Flow	\$	1,060,361

	Updated Outlook	
	Year Ended 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	