# Q2 2022
# Earnings Presentation

July 27, 2022

# Genuine Parts Company Snapshot

## Key Statistics[1]

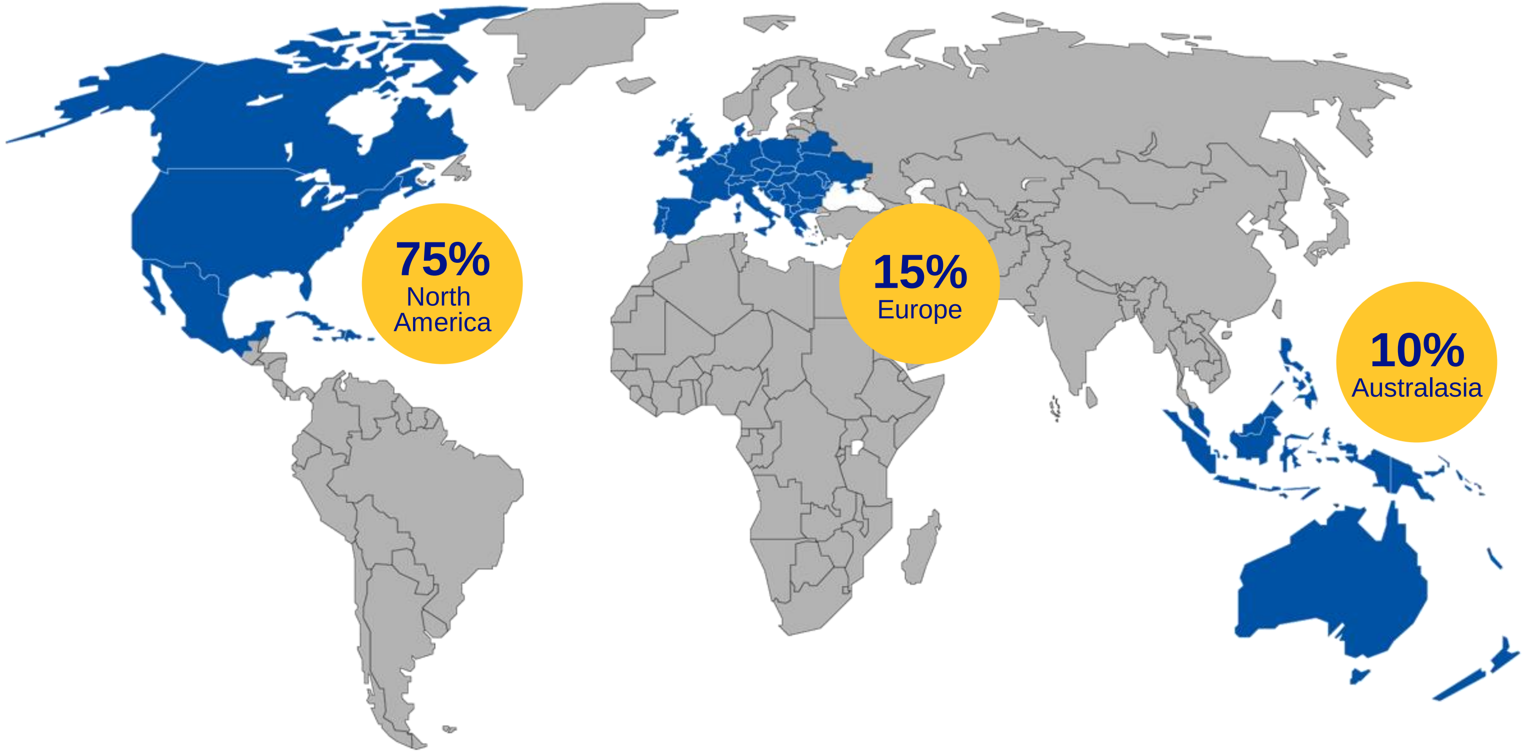
| | |
|---|---|
| Founded | **1928** |
| Headquarters | **Atlanta, GA** |
| Countries Served | **17** |
| Locations | **~10,580** |
| • Warehouses | ~825 |
| • Distribution Facilities | ~200 |
| • Retail (Owned/Independent) | ~9,555 |
| Employees | **~53,000** |
| Market Capitalization | **~$18.9B** |

## TTM Financial Highlights[1]

| | |
|---|---|
| Revenue | **$20.5B** |
| • Automotive | 64% |
| • Industrial | 36% |
| Segment Profit Margin[2] | **9.1%** |
| Free Cash Flow[3] | **~$1.0B** |
| Dividend Yield[4] | **2.7%** |

## Global Footprint

*TTM 2022 Revenue by Region[1]*




***Leading Global Distributor in Diversified End Markets***

[1]As of 6/30/22 [2]See Appendix C [3]See Appendix D [4]Calculated based on annual dividend per share divided by share price as of 6/30/22

# 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 and 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, 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; volatility in oil prices; significant cost increases, such as rising fuel and freight expenses; 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, our suppliers and customers; changes in tax policies; volatile exchange rates; 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 failure or breach of our information systems, as well as other risks and uncertainties discussed in our 2021 Annual Report on Form 10-K and Item 1A, Risk Factors, in our report on Form10-Q for the quarter ended March 31, 2022 (all of which may be amplified by the COVID-19 pandemic and geopolitical conflicts, such as the current conflict between Russia and Ukraine) and from time to time in our subsequent filings with the SEC. 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. You are advised, however, to review any further disclosures we make on related subjects in our subsequent Forms 10-K, 10-Q, 8-K and other reports filed with the SEC.

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

# Paul Donahue

Chairman & CEO

# Key Messages

- ✓ The GPC team had another **record quarter**, consisting of **double-digit sales and earnings increases** and a steady cadence of continued growth throughout April, May and June
  - – Total sales were $5.6 billion, up 17%, and adjusted earnings per share[1] was $2.20, up 26% from last year
- ✓ Operations are benefiting from **the resiliency of our Automotive and Industrial businesses** and the strategic mix of our operations
- ✓ We are **extremely proud of our 53,000 talented GPC teammates** for their exceptional work and commitment to excellence

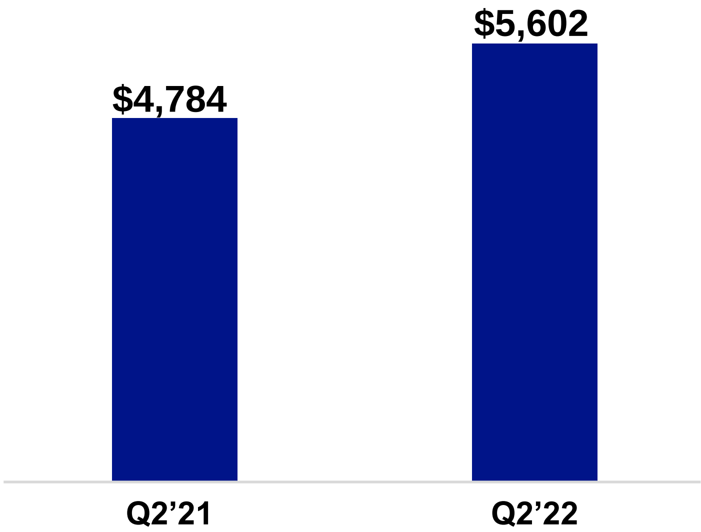
***Strategic Initiatives and Focused Team Execution Delivering Results***

[1]See Appendix D

# Q2’22 Performance Highlights

## Total Sales
+17.1%

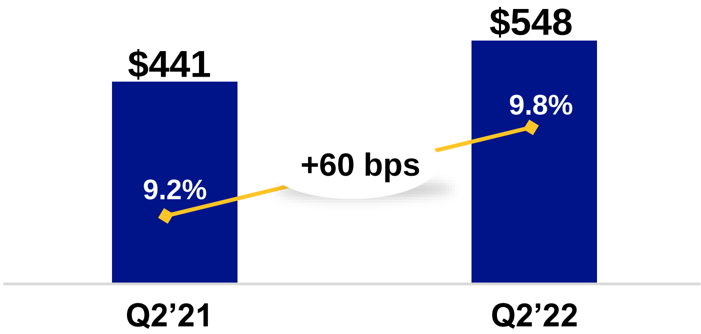
($M)




- Another quarterly sales record for GPC and our Automotive and Industrial segments

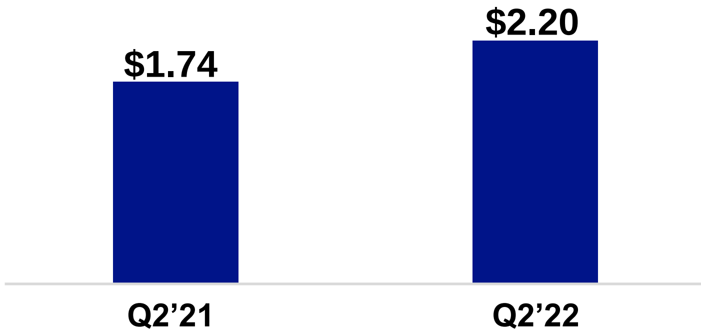
## Segment Profit
+24.2%

($M)




- Segment operating margin expansion in both segments and for GPC overall

## Adjusted Diluted EPS[1]
+26.4%




- Record quarterly earnings and double-digit adjusted EPS growth for the eighth consecutive quarter
- GAAP EPS $2.62, up 93%

***Strong Financial Performance, Balance Sheet and Cash Flow***

[1]See Appendix D

# Performance Drivers

## M&A Strategy

- **Acquisition of KDG**
  - Meaningful impact on our Industrial segment
- Strategic **bolt-on acquisitions**
  - Knoll expands our Automotive European footprint into eastern Germany
- Continue to explore a healthy pipeline of acquisition targets

## Strategic Initiatives

- Benefiting from the **NAPA brand rollout** in Europe and Australasia
- **B2B and B2C omni-channel investments** to enhance our catalog data and technology platforms
- Continue to upgrade our **pricing and product category management strategies** to further extend our leadership positions in the global Automotive and Industrial markets

## Industry Tailwinds

**Automotive:**

- Continued increase in miles driven and the average age of vehicles
- Limited new car inventory and elevated used car prices
- Strength in the DIFM segment

**Industrial**

- PMI continues to signal manufacturing expansion
- Industrial Production showed gains again in the second quarter
  - 8th consecutive quarter of growth

# 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
- Focus on energy efficiency

*Continued Focus on Diversity, Equity and Inclusion*

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

# 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

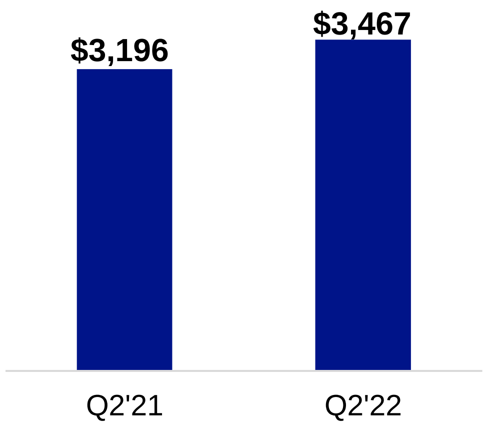
- Aspire to **lead in emerging technologies**, leveraging our unique positioning, global scale and One GPC team approach

## M&A

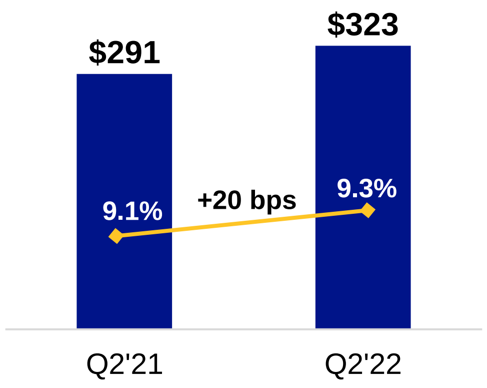
- **Strategic bolt-on acquisitions** remain a key part of our GPC growth strategy
- **Acquisition pipeline** remains active and actionable
- **Continue to refine our processes** to move faster, be disciplined and create value

# Q2'22 Automotive Performance

## Sales
+8.5%
($M)




## Segment Profit[2]
+10.9%
($M)




## Automotive Highlights

- **Total sales +8.5%; +37% 2-Year Stack**
  - +8% comp sales[1] increase; +30% 2-Year Stack
- HSD to Mid-teens comp sales[1] across all operations
- Positive DIFM and DIY growth with strength in both segments
- Sales improvement a function of growth initiatives, strong demand and inflation
- **+50 bp margin improvement on a 2-Year Stack; +110 bps 3-Year Stack**

## North America

- **Total U.S. Sales +11%; +30% 2-Year Stack**
  - +7% comp sales[1]; +27% 2-Year Stack
- Strong DIFM and DIY sales
  - Steady strength across commercial accounts
  - B2C digital investments driving sustained retail strength
- **Total Canadian Sales +16%; +30% 2-Year Stack**
  - +14% comp sales[1]; +26% 2-Year Stack
  - **Launched NexDrive**, a network of service centers for hybrids and EVs

## Europe

- **Total European Sales +19%; +54% 2-Year Stack**
  - +7% comp sales1; +40% 2-Year Stack
- Sales growth across all European markets
- Initiative highlights include new account expansion, continued NAPA rollout within and across the region and technology and supply chain investments
- Lausan and Knoll acquisitions exceeding expectations

## Australasia

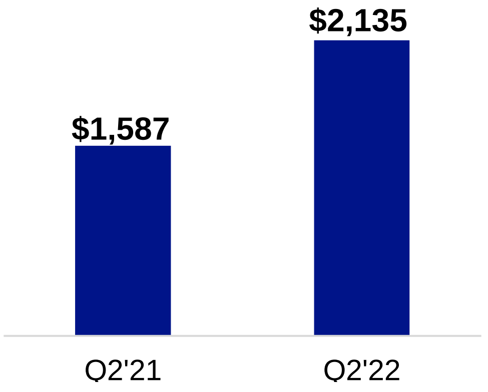
- **Total Australasian Sales +11%; +29% 2-Year Stack**
  - +8% comp sales1; +26% 2-Year Stack
- **Growth driven by our accelerated digital strategies and strong underlying demand**
- Acquisition of STEDI, a leading Australian brand of lighting products focused on the four-wheel drive market

Note: All comparisons are YoY unless otherwise stated. [1]See Appendix B [2]See Appendix C

# Q2'22 Industrial Performance

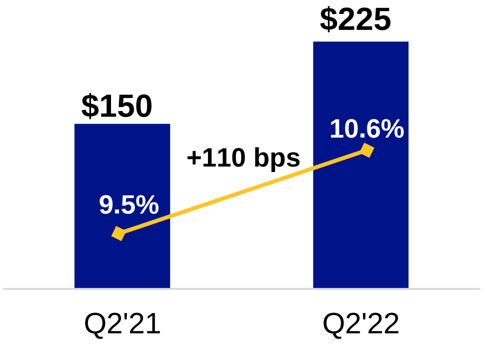
## Sales
+34.5%

($M)




## Segment Profit[2]
+49.9%

($M)




## Industrial Highlights

- **Total sales +34.5%; +54% 2-Year Stack**
  - 18% comp sales[1] increase, **5th consecutive quarter of double-digit comps**
  - Benefits from KDG acquisition
- Strengthening core growth due to execution of growth initiatives
  - **Improved profit margin for the 8th consecutive quarter**
  - **+240 bp margin improvement on a 2-Year and 3-Year Stack**

## North America and Australasia

- Sales cadence was consistently strong throughout the quarter
- **Double-digit sales growth across virtually all product categories and major industries served**
- Customers continue to operate at higher run rates
- Continuing expansion of value-add businesses
  - **Focus areas: Automation, Conveyance and Repairs, DC/Logistics**
- Initiative highlights contributing to the strong performance include:
  - Sales programs to capture profitable share of wallet with target accounts
  - **Data-driven strategic pricing and sourcing programs**
  - **Technology investments to enhance the omnichannel experience**
  - Inventory and footprint optimization
- **Excellent progress with integration of KDG**
  - Successfully onboarded KDG associates to Motion HR programs
  - Accelerated the realignment of functional support teams
  - Integrated systems
  - Accelerated the co-location of overlapping branches

Note: All comparisons are YoY unless otherwise stated. [1]See Appendix B [2]See Appendix C

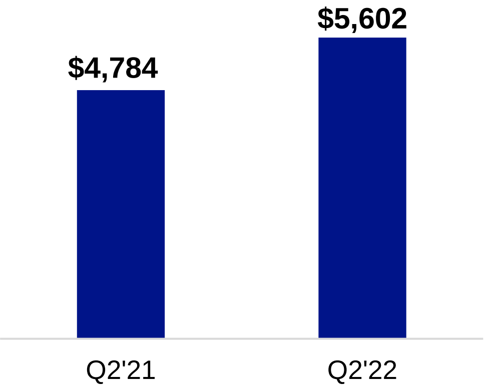
# Bert Nappier

EVP & CFO

# Q2 2022 Financial Results

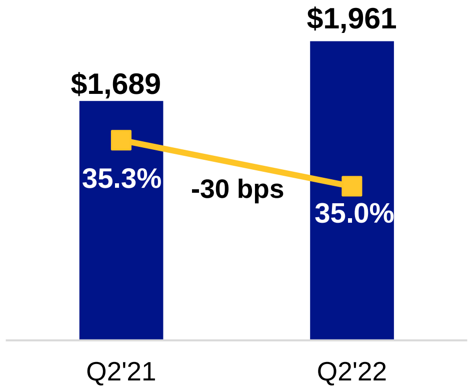
*($M, except per share data)*

## Sales
+17.1%



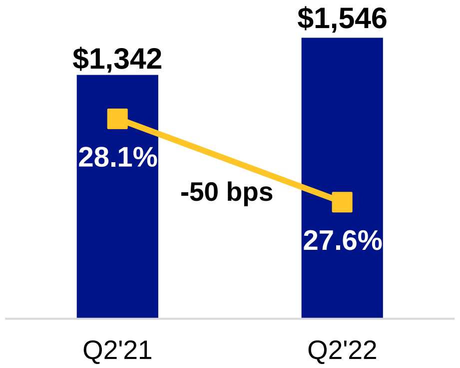

- **+12% comp sales[2]**
  - Execution of sales initiatives
  - Strong demand
  - Benefit from product pricing
- +8.8% from acquisitions
  - Various strategic automotive store groups across geographies
  - Kaman acquisition in Industrial
- -3.2% FX/Other

## Gross Profit
+16.1%



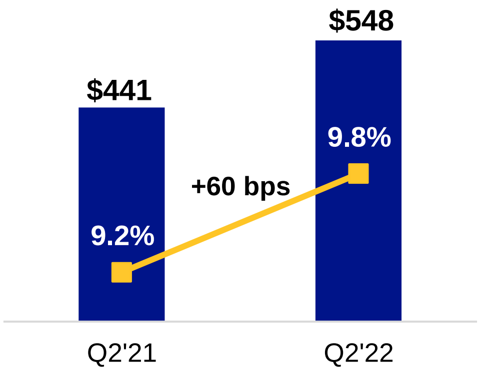

- Impacted by the anticipated moderation in supplier incentives, negative impact of foreign currency and timing of inflation in certain product categories
- Headwinds offset by:
  - Strategic category mgmt. initiatives
  - Global sourcing
  - Pricing initiatives
- **Expect full year 2022 gross margin to be consistent with 2021**

## Adj Op/Non-Op Expenses[1]
+15.2%



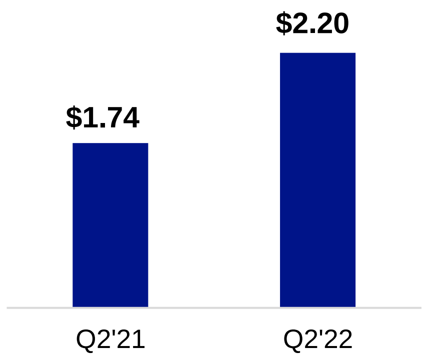

- **Leveraging expenses and operating in-line with plans for the year**
  - Ongoing focus on controlling costs
  - Greater automation/efficiencies
  - Facility consolidations to optimize network
- Increase in variable costs related to $819M sales growth
- Rising cost pressures from wages, freight and transportation

## Segment Profit[3]
+24.2%




- **+120 bp margin improvement on a 2-Year Stack**
- Ongoing expense management and execution of operational initiatives, offset by cost inflation

## Adj Diluted EPS[1]
+26.4%




- **8th consecutive quarter of double-digit growth**
- Reported earnings per diluted share
  - $2.62 in Q2 2022
  - $1.36 in Q2 2021
- Adj tax rate[1] 24.5% compared to a rate of 27.2% in Q2 2021
- Rate decrease in-line with our expectation and is generally consistent with our outlook for an approximate 25% tax rate for the full year

Note: All comparisons are YoY unless otherwise stated [1]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 Appendix D) [2]See Appendix B for definition [3]See Appendix C

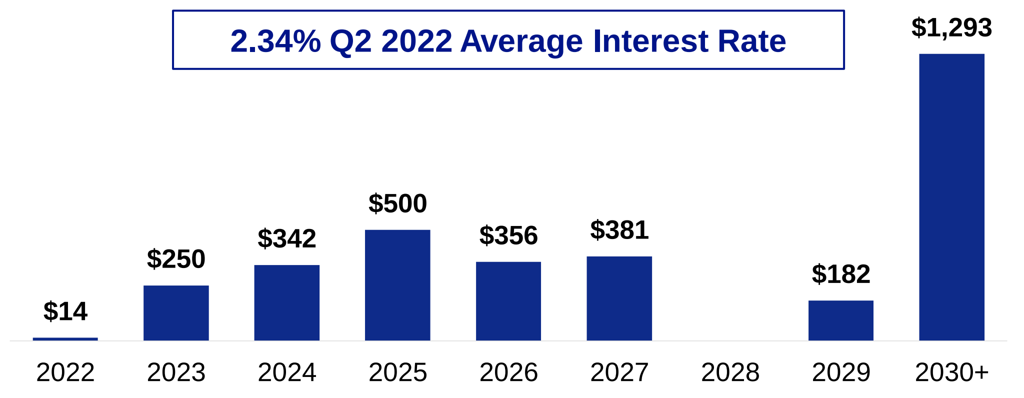
# Strong Balance Sheet and Robust Cash Generation

| Balance Sheet Highlights[1] | ($B) |
|---|---|
| Cash / Cash Equivalents | $0.5 |
| Accounts Receivable | $2.2 |
| Inventory | $4.3 |
| **Total Assets** | **$16.2** |
| Accounts Payable | $5.4 |
| Total Debt | $3.3 |
| **Total Liabilities** | **$12.6** |
| Working Capital[2] | $1.2 |

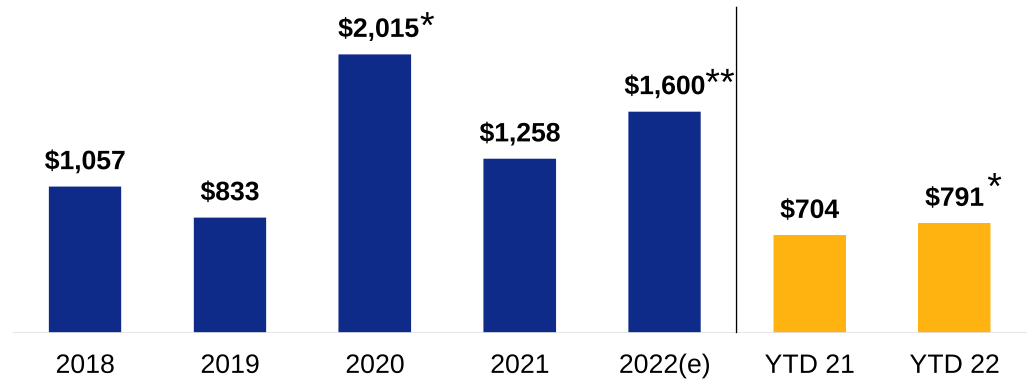
| Liquidity Profile[1] | ($B) |
|---|---|
| Total Credit Capacity[3] | $4.8 |
| Less Total Debt: | ($3.3) |
| Unused Credit Capacity | $1.5 |
| Cash | $0.5 |
| **Total Available Liquidity** | **$2.0** |

**Total debt to adj EBITDA (TTM)[4]** **1.8x**

## Debt Maturity Schedule[1] ($M)




## Cash Flow from Operations ($M)



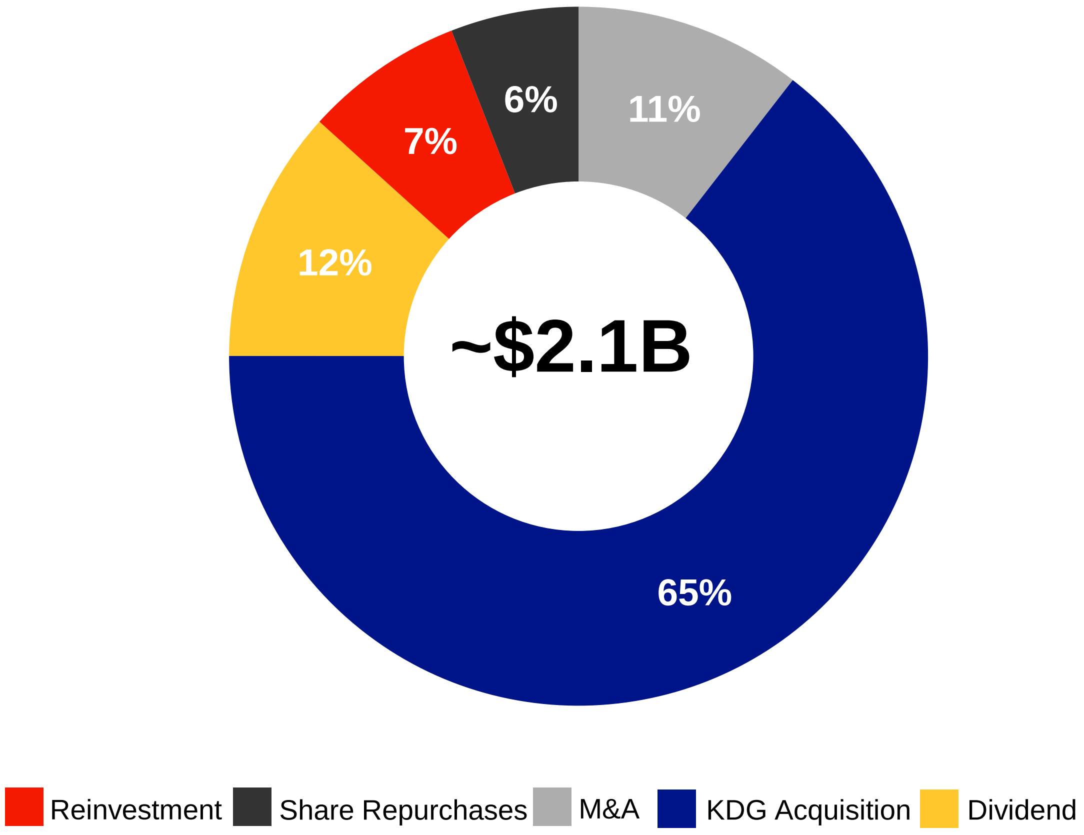

* Includes benefit of A/R sales agreement
** Represents midpoint of the outlook provided on July 27, 2022 (pg 17)

- **Changes in key working capital accounts in-line with sales growth**
- **Steady debt position and favorable financial arrangements** supporting our investment grade rating
- **Total debt to TTM adjusted EBITDA[4] was 1.8x on June 30, 2022,** slightly below our targeted range of 2.0 to 2.5 times
- **Continued strong cash flow** to support growth initiatives and effective allocation of capital

[1]As of 6/30/2022; [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 Appendix D)

# Effective Capital Allocation

## YTD 2022 Capital Deployment




## Key Priorities

### Reinvestment

- $153M CapEx YTD
- Projecting 2022 spend of ~$300M to $350M

### Share Repurchases

- 50M spend for ~377K shares in Q2; $123M spend for ~943K shares YTD
- Plans for additional share buy-backs

### M&A / KDG Acquisition

- $1.6B 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
  - $243M YTD spend

# 2022 Outlook[1]

| | **Current** | Previous |
|---|---|---|
| **Total Sales Growth** | **12% to 14%** | 10% to 12% |
| • Automotive | 6% to 8% | 5% to 7% |
| • Industrial | 26% to 28% | 21% to 23% |
| **Diluted EPS** | $8.08 to $8.23 | $7.56 to $7.71 |
| **Adjusted Diluted EPS** | **$7.80 to $7.95** | $7.70 to $7.85 |
| **Adjusted EPS Growth** | 13% to 15% | 11% to 14% |
| **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 |

Full year growth rates and EPS assume ~3.0% FX headwind, an increase from the previous assumption of ~1.5% to 2.0%

OTHER ASSUMPTIONS

- Corporate expenses ~$210M to $230M
- Capex ~$300M to $350M
- Depreciation and amortization $350M to $360M
- Interest expense ~$80M
- Tax rate ~25%

[1]Our guidance considers several factors, including the continued uncertainty related to the COVID-19 pandemic and its potential impact on our results. We will update full-year guidance during 2022, as appropriate. [2]These amounts are non-GAAP measures (See Appendix D)

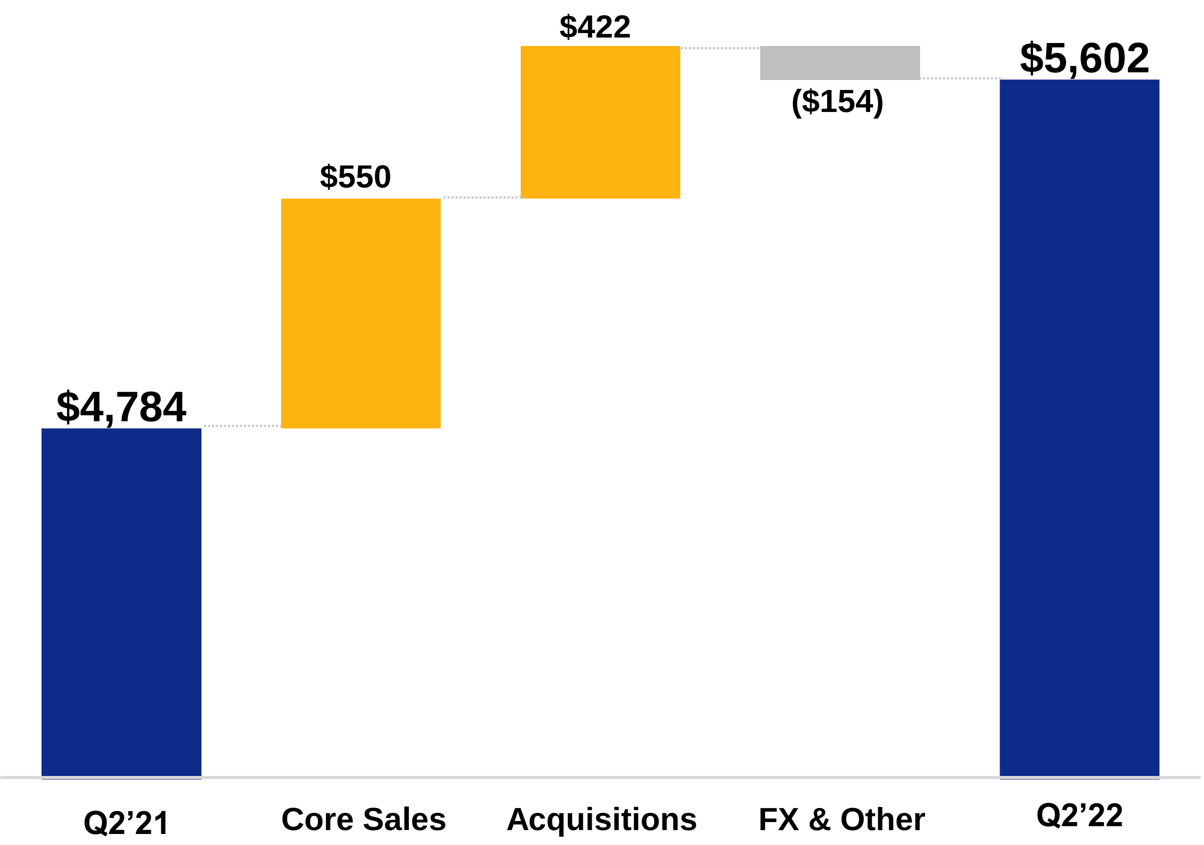
# Q&A

# Appendix

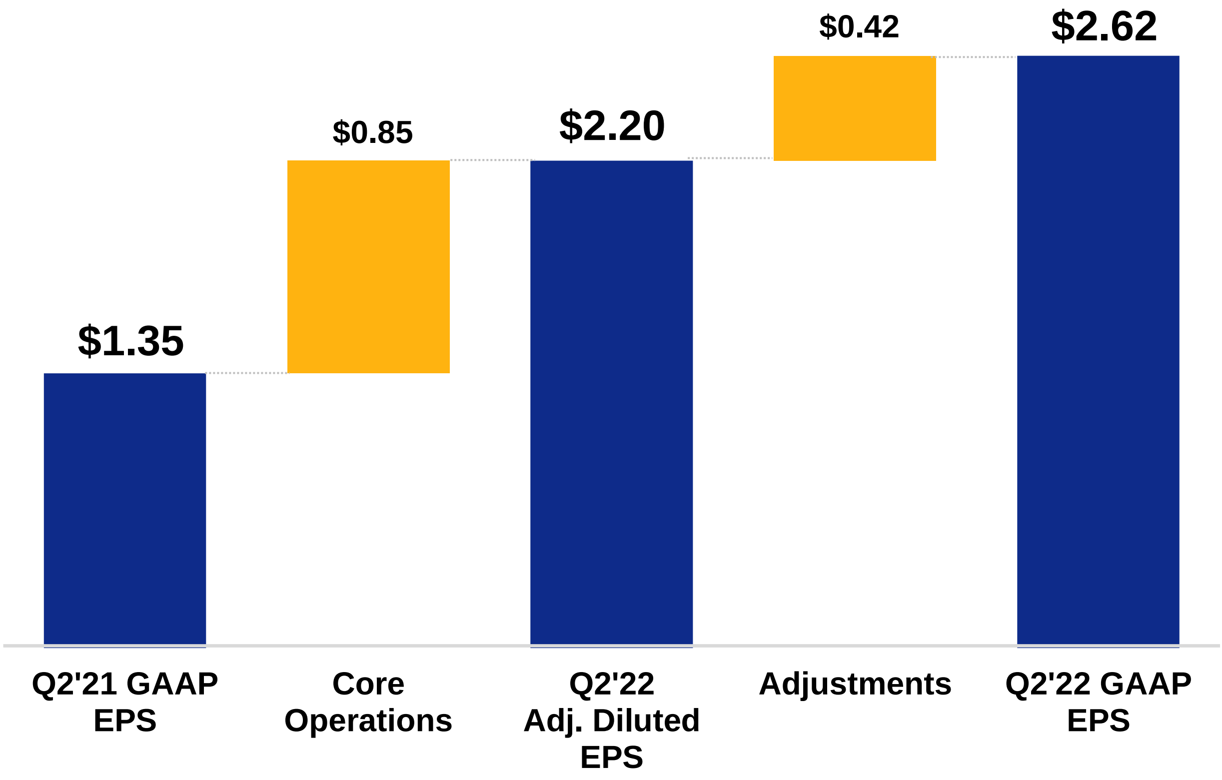
# Consolidated Net Sales and Adj Diluted EPS Bridge

**Appendix A**

## Net Sales ($M)




## Adj Diluted Earnings Per Share



# Other Information

## Appendix B

**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 TTM | 2022 Q1 | 2022 Q2 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 |
|---|---|---|---|---|---|---|---|
| Net sales: | | | | | | | |
| Automotive | $ 13,137,782 | $ 3,275,621 | $ 3,467,494 | $ 2,953,165 | $ 3,196,299 | $ 3,204,534 | $ 3,190,133 |
| Industrial | 7,381,325 | 2,019,014 | 2,134,920 | 1,511,549 | 1,587,439 | 1,614,315 | 1,613,076 |
| Total net sales | 20,519,107 | 5,294,635 | 5,602,414 | 4,464,714 | 4,783,738 | 4,818,849 | 4,803,209 |
| Segment profit: | | | | | | | |
| Automotive | 1,134,117 | 264,573 | 322,553 | 235,678 | 290,758 | 281,150 | 265,841 |
| Industrial | 733,352 | 188,353 | 225,472 | 125,292 | 150,413 | 165,754 | 153,773 |
| Total segment profit | 1,867,469 | 452,926 | 548,025 | 360,970 | 441,171 | 446,904 | 419,614 |
| Interest expense, net | (68,562) | (19,850) | (20,248) | (18,324) | (15,362) | (14,167) | (14,297) |
| Intangible asset amortization | (129,669) | (39,694) | (39,630) | (25,544) | (27,384) | (25,311) | (25,034) |
| Corporate expense | (207,265) | (41,751) | (73,312) | (31,243) | (51,397) | (47,389) | (44,813) |
| Other unallocated costs | 190 | (25,915) | 76,732 | — | (77,421) | (61,063) | 10,436 |
| Income before income taxes | 1,462,163 | 325,716 | 491,567 | 285,859 | 269,607 | 298,974 | 345,906 |
| Income taxes | (359,212) | (79,878) | (119,038) | (68,149) | (73,111) | (70,389) | (89,907) |
| Net income | $ 1,102,951 | $ 245,838 | $ 372,529 | $ 217,710 | $ 196,496 | $ 228,585 | $ 255,999 |
| | | | | | | | |
| Segment profit margin: | | | | | | | |
| Automotive | 8.6% | 8.1% | 9.3% | 8.0% | 9.1% | 8.8% | 8.3% |
| Industrial | 9.9% | 9.3% | 10.6% | 8.3% | 9.5% | 10.3% | 9.5% |
| Total segment profit margin | 9.1% | 8.6% | 9.8% | 8.1% | 9.2% | 9.3% | 8.7% |

# Explanation of Adjustments

## Appendix D

(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) **Gain on sale of real estate:** Adjustment reflects a gain on the sale of real estate leased to S.P. Richards

(6) **Transaction and Other Costs:** Adjustment primarily reflects legal and professional, restructuring, lease termination and other costs associated with the January 3, 2022 acquisition and subsequent integration of KDG. These costs also include a $17 million impairment charge driven by a decision to retire certain legacy trade names, classified as other intangible assets prior to the end of their estimated useful lives as part of executing our KDG integration and rebranding strategy.

# Reconciliation of Non-GAAP Financial Measures



## Adjusted Net Income

| (in thousands) | 2022 TTM Q2 | 2022 Q1 | 2022 Q2 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 |
|---|---|---|---|---|---|---|---|
| GAAP net income | $ 1,102,951 | $ 245,838 | $ 372,529 | $ 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 | — | — |
| Gain on insurance proceeds (3) | (5,369) | (634) | (873) | — | — | — | (3,862) |
| Gain on equity investment (4) | (10,229) | — | — | — | — | — | (10,229) |
| Gain on sale of real estate (5) | (102,803) | — | (102,803) | — | — | — | — |
| Transaction and other costs (6) | 57,148 | 26,549 | 26,944 | — | — | — | 3,655 |
| Total adjustments | (190) | 25,915 | (76,732) | — | 77,421 | 61,063 | (10,436) |
| Tax impact of adjustments | 2,682 | (6,103) | 17,291 | — | (21,322) | (19,167) | 10,661 |
| Adjusted net income | $ 1,105,443 | $ 265,650 | $ 313,088 | $ 217,710 | $ 252,595 | $ 270,481 | $ 256,224 |

| (in thousands, except per share data) | 2022 TTM Q2 | 2022 Q1 | 2022 Q2 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 |
|---|---|---|---|---|---|---|---|
| Diluted earnings per share | $ 7.75 | $ 1.72 | $ 2.62 | $ 1.50 | $ 1.36 | $ 1.59 | $ 1.79 |
| Adjustments: | | | | | | | |
| Loss on software disposal (1) | 0.43 | — | — | — | — | 0.42 | — |
| Product liability damages award (2) | — | — | — | — | 0.53 | — | — |
| Gain on insurance proceeds (3) | (0.04) | (0.01) | (0.01) | — | — | — | (0.03) |
| Gain on equity investment (4) | (0.07) | — | — | — | — | — | (0.07) |
| Gain on sale of real estate (5) | (0.72) | — | (0.72) | — | — | — | — |
| Transaction and other costs (6) | 0.40 | 0.19 | 0.19 | — | — | — | 0.03 |
| Total adjustments | — | 0.18 | (0.54) | — | 0.53 | 0.42 | (0.07) |
| Tax impact of adjustments | 0.02 | (0.04) | 0.12 | — | (0.15) | (0.13) | 0.07 |
| Adjusted diluted earnings per share | $ 7.77 | $ 1.86 | $ 2.20 | $ 1.50 | $ 1.74 | $ 1.88 | $ 1.79 |
| Weighted average common shares outstanding — assuming dilution | 142,304 | 142,842 | 142,304 | 145,300 | 144,983 | 143,589 | 143,053 |

*Refer to explanation of adjustments for further information*

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

## Appendix D

### Adjusted EBIT and Adjusted EBITDA

| (in thousands) | 2022 TTM Q2 | 2022 Q1 | 2022 Q2 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 |
|---|---|---|---|---|---|---|---|
| GAAP net income | $ 1,102,951 | $ 245,838 | $ 372,529 | $ 217,710 | $ 196,496 | $ 228,585 | $ 255,999 |
| Interest expense, net | 68,562 | 19,850 | 20,248 | 18,324 | 15,362 | 14,167 | 14,297 |
| Income taxes | 359,212 | 79,878 | 119,038 | 68,149 | 73,111 | 70,389 | 89,907 |
| EBIT | 1,530,725 | 345,566 | 511,815 | 304,183 | 284,969 | 313,141 | 360,203 |
| Loss on software disposal (1) | 61,063 | — | — | — | — | 61,063 | — |
| Product liability damages award (2) | — | — | — | — | 77,421 | — | — |
| Gain on insurance proceeds (3) | (5,369) | (634) | (873) | — | — | — | (3,862) |
| Gain on equity investment (4) | (10,229) | — | — | — | — | — | (10,229) |
| Gain on sale of real estate (5) | (102,803) | — | (102,803) | — | — | — | — |
| Transaction and other costs (6) | 57,148 | 26,549 | 26,944 | — | — | — | 3,655 |
| Adjusted EBIT | $ 1,530,535 | $ 371,481 | $ 435,083 | $ 304,183 | $ 362,390 | $ 374,204 | $ 349,767 |

| (in thousands) | 2022 TTM Q2 | 2022 Q1 | 2022 Q2 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 |
|---|---|---|---|---|---|---|---|
| GAAP net income | $ 1,102,951 | $ 245,838 | $ 372,529 | $ 217,710 | $ 196,496 | $ 228,585 | $ 255,999 |
| Depreciation and amortization | 317,974 | 87,369 | 85,890 | 72,296 | 73,960 | 72,121 | 72,594 |
| Interest expense, net | 68,562 | 19,850 | 20,248 | 18,324 | 15,362 | 14,167 | 14,297 |
| Income taxes | 359,212 | 79,878 | 119,038 | 68,149 | 73,111 | 70,389 | 89,907 |
| EBITDA | 1,848,699 | 432,935 | 597,705 | 376,479 | 358,929 | 385,262 | 432,797 |
| Loss on software disposal (1) | 61,063 | — | — | — | — | 61,063 | — |
| Product liability damages award (2) | — | — | — | — | 77,421 | — | — |
| Gain on insurance proceeds (3) | (5,369) | (634) | (873) | — | — | — | (3,862) |
| Gain on equity investment (4) | (10,229) | — | — | — | — | — | (10,229) |
| Gain on sale of real estate (5) | (102,803) | — | (102,803) | — | — | — | — |
| Transaction and other costs (6) | 57,148 | 26,549 | 26,944 | — | — | — | 3,655 |
| Adjusted EBITDA | $ 1,848,509 | $ 458,850 | $ 520,973 | $ 376,479 | $ 436,350 | $ 446,325 | $ 422,361 |

*Refer to explanation of adjustments for further information*

# Reconciliation of Non-GAAP Financial Measures

## Appendix D

### Adjusted Operating and Non-Operating Expenses

| (in thousands) | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | QTD Change $ Change | QTD Change % Change |
|---|---|---|---|---|
| GAAP operating and non-operating expenses | $ 1,469,232 | $ 1,419,498 | $ 49,734 | 3.5% |
| Adjustments: | | | | |
| Product liability damages award (2) | — | (77,421) | 77,421 | (100.0)% |
| Gain on insurance proceeds (3) | 873 | — | 873 | 100.0% |
| Gain on sale of real estate (5) | 102,803 | — | 102,803 | 100.0% |
| Transaction and other costs (6) | (26,944) | — | (26,944) | 100.0% |
| Less: Total Adjustments | 76,732 | (77,421) | 154,153 | |
| Adjusted operating and non-operating expenses | $ 1,545,964 | $ 1,342,077 | $ 203,887 | 15.2% |
| Adjusted operating and non-operating expenses as a percent of GAAP net sales | 27.6% | 28.1% | | (50) bps |

### Adjusted Tax Rate

| (in thousands) | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 |
|---|---|---|
| GAAP net income | $ 372,529 | $ 196,496 |
| Adjustments: | | |
| Product liability damages award (2) | — | 77,421 |
| Gain on insurance proceeds (3) | (873) | — |
| Gain on sale of real estate (5) | (102,803) | — |
| Transaction and other costs (6) | 26,944 | — |
| Total adjustments | (76,732) | 77,421 |
| Tax impact of adjustments | 17,291 | (21,322) |
| Adjusted net income | $ 313,088 | $ 252,595 |

*Refer to explanation of adjustments for further information*

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



## Free Cash Flow

| (in thousands) | TTM Ended June 30, 2022 |
|---|---|
| Net cash provided by operating activities | $ 1,344,840 |
| Less: Purchases of property, plant and equipment | (329,119) |
| Free Cash Flow | $ 1,015,721 |

| | Updated Outlook<br>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 |

*Refer to explanation of adjustments for further information*