**Genuine Parts Company Snapshot (as of 12/31/2022)**

**Key Statistics**
- Founded: 1928
- Headquarters: Atlanta, GA
- Countries Served: 17
- Locations: ~10,600
  - Distribution Centers: ~205
  - Warehouses: ~765
  - Retail (Owned/Independent): ~9,630
- Employees: ~58,000
- Market Capitalization: ~$24.5B

**2022 Financial Highlights**
- Revenue: $22.1B
  - Automotive: 62%
  - Industrial: 38%
- Segment Profit Margin\(^1\): 9.4%
- Free Cash Flow\(^2\): ~$1.1B
- Dividend Yield\(^3\): 2.1%

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\(^1\)See Appendix C  \(^2\)See Appendix D  \(^3\)Calculated based on annual dividend per share divided by share price as of 12/31/22
Safe Harbor Statement

FORWARD-LOOKING STATEMENTS: Some statements in this presentation, 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 2023 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, 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; public health emergencies such as 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; 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 a failure or breach of our information systems, as well as other risks and uncertainties discussed in the company's Annual Report on Form 10-K for 2022 and from time to time in the company's subsequent filings with the SEC. Forward-looking statements speak only as of the date they are made, and the company undertakes 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 certain financial information not derived in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP"). These items include adjusted net income, adjusted diluted net income per common share and free cash flow. The company believes that the presentation of adjusted net income, adjusted diluted net income per common share and free cash flow, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provide meaningful supplemental information to both management and investors that is indicative of the company's core operations. The company considers these metrics useful to investors because they provide greater transparency into management's view and assessment of the company's ongoing operating performance by removing items management believes are not representative of our continuing operations and may distort our longer-term operating trends. We believe these measures are useful and enhance the comparability of our results from period to period and with our competitors, as well as show ongoing results from operations distinct from items that are infrequent or not associated with the company’s core operations. The company does not, nor does it suggest investors should, consider such non-GAAP financial measures as 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.
The GPC team capped off a **record-setting year** with a strong fourth quarter highlighted by **double-digit sales** and **earnings growth** and continued margin expansion.

Operations are benefiting from execution of strategies, **continued resilience of our Automotive and Industrial businesses** and strategic mix of our operations.

We are **thankful to our teammates** across the globe for their ongoing commitment to excellence.
Q4’22 Performance Highlights

- 7th consecutive quarter of double-digit sales growth
- Segment profit margin expansion in Automotive, Industrial and total GPC
- 10th consecutive quarter of double-digit adjusted EPS growth
- GAAP EPS $1.77

**Total Sales**
- +15.0%
- Q4’21: $4,803
- Q4’22: $5,524

**Segment Profit**
- +25.2%
- Q4’21: $420
- Q4’22: $526
- Segment profit margin expansion in Automotive, Industrial and total GPC (+80 bps)

**Adj Diluted EPS**
- +14.5%
- Q4’21: $1.79
- Q4’22: $2.05

1See Appendix D
FY’22 Performance Highlights

- **Total Sales**
  - $18,871 (FY’21)
  - $22,096 (FY’22)
  - +17.1%

- **Segment Profit**
  - $1,669 (FY’21)
  - $2,078 (FY’22)
  - +24.5%

- **Adj Diluted EPS**
  - $6.91 (FY’21)
  - $8.34 (FY’22)
  - +20.7%

- **FY’22 Performance Highlights**
  - Record total sales
  - Segment profit margin expansion in Automotive, Industrial and total GPC
  - Record adjusted EPS
  - GAAP EPS $8.31

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Delivered Record Sales and Earnings in 2022

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### Performance Drivers

**Strategic Initiatives**
- Advancing our **pricing strategies**
- **Optimizing** our supply chain and network footprint

**M&A Strategy**
- **Acquisition of KDG**
  - Significant impact on our Industrial performance in 2022
  - Enhanced capabilities as a premiere industrial solutions provider
- **Global Automotive** teams were active with acquisitions
  - For the full-year, added **138 net new** stores across our global footprint
- **M&A** remains an important part of our **global growth strategy**

**Industry Trends**
- **Automotive**
  - Geographic diversity of our markets
  - Increase in vehicle miles driven
  - An aging vehicle fleet
  - Limited new car inventory
- **Industrial**
  - Solid demand trends
  - Outperformance reflects the diversity of our product and service offerings and end markets
GPC Investor Day
March 23, 2023
Will Stengel
President & COO
## Foundational Priorities for Investing in Our Business

<table>
<thead>
<tr>
<th>Talent &amp; Culture</th>
<th>Sales Effectiveness</th>
<th>Technology</th>
<th>Supply Chain</th>
<th>Emerging Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Recognize</strong> high potential <strong>talent</strong>, <em>infuse new capabilities</em> into the organization and recruit diverse talent</td>
<td>• <strong>Utilize data and analytics</strong> to understand our unique customer segments and drive increasing mix of traditional selling and digital strategies</td>
<td>• <strong>Enhance data and digital</strong> capabilities to deliver a <strong>best-in-class</strong> customer experience and <strong>profitable growth</strong> while investing in foundational digital elements</td>
<td>• <strong>Ensure we have the “right” product</strong> available in the “right” <strong>market</strong> at the “right” <strong>time</strong> through continuous improvements in <strong>inventory, facility productivity, logistics and technology</strong></td>
<td>• <strong>Aspire to lead in emerging technologies</strong>, leveraging our unique positioning, global scale and One GPC team approach</td>
</tr>
</tbody>
</table>

### M&A

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Strategic bolt-on acquisitions</strong> remain a key part of our GPC growth strategy</td>
<td>• <strong>Acquisition pipeline</strong> remains active and actionable</td>
</tr>
</tbody>
</table>
Q4’22 Automotive Performance

**Automotive Highlights**

- **Total Sales +7.6%**
  - +8.2% comp sales\(^2\)
  - Mid single-digit to low double-digit comp sales\(^2\) across all operations
  - Sales growth was consistent through the quarter, with a solid finish in December
  - Positive DIFM and DIY growth with notable strength in DIFM
  - Sales growth continues to be driven by solid industry fundamentals and strong team execution
  - +140 bps margin improvement versus Q4’19

**North America**

- **Total U.S. Sales +10%**
  - +6% comp sales\(^2\)
  - Sales growth in both DIFM and DIY sales
  - DIFM sales gains across all customer segments
  - Grew NAPA AutoCare network of professional repair centers to approximately 18,500 customers

- **Total Canadian Sales +14%\(^3\)**
  - +12% comp sales\(^2\)
  - Reflects solid industry fundamentals, team execution and market share gains

**Europe**

- **Total European Sales +22%\(^3\)**
  - +10% comp sales\(^2\)
  - Sales growth across all European markets
  - For the year, NAPA product sales reached nearly €300M, an increase of over 50% from the prior year
  - European bolt-on acquisition efforts continue to create value and expand and add density to our market footprint

**Australasia**

- **Total Australasian Sales +10%\(^3\)**
  - +7% comp sales\(^2\)
  - Both commercial and retail sales continue to perform well, with Repco, NAPA and our motorcycle accessories division delivering profitable growth and share gains

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Note: All comparisons are YoY unless otherwise stated \(^1\)See Appendix C \(^2\)See Appendix B \(^3\)Local Currency
Q4’22 Industrial Performance

Sales
+29.6%
($M)

$1,613
Q4’21
$2,091
Q4’22

Segment Profit1
+49.8%
($M)

$154
Q4’21
+150 bps
$230
Q4’22

Industrial Highlights

- Total Sales +29.6%
  - 16.7% comp sales2 increase, 7th consecutive quarter of double-digit comps
  - Strong performance at KDG, creating added momentum

- The strong financial performance is a direct result of customer and sales intensity, focused strategic initiatives and operating rigor
  - 10th consecutive quarter of margin expansion
  - +240 bps margin improvement versus Q4’19

Sales
+29.6%
Segment Profit1
+49.8%

North America and Australasia

- Sales cadence was consistently strong throughout the quarter
  - Average daily sales2 growth at or above 30% for all three months

- Double-digit sales growth across nearly all product categories and major industries served

- Further expanded our capabilities around value-add solutions
  - Focus areas: Automation, Conveyance, Fluid Power and Repairs

- Strategic initiatives around pricing, category management and supply chain driving increased productivity and efficiencies

- KDG integration surpassing our expectations
  - Strengthen Motion’s go-to-market strategy and further enhance our market-leading position in the industry
  - Realized over $30M in synergies in the first year, with more expected in 2023 and 2024

Note: All comparisons are YoY unless otherwise stated. 1See Appendix C 2See Appendix B
Bert Nappier
EVP & CFO
**Q4’22 Financial Results**

($M, except per share data)

<table>
<thead>
<tr>
<th>Sales</th>
<th>Gross Profit</th>
<th>Adj Op/Non-Op Expenses</th>
<th>Segment Profit</th>
<th>Adj Diluted EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>+15.0%</td>
<td>+16.5%</td>
<td>+16.6%</td>
<td>+25.2%</td>
<td>+14.5%</td>
</tr>
<tr>
<td>$4,803</td>
<td>$1,693</td>
<td>$1,358</td>
<td>$420</td>
<td>$1.79</td>
</tr>
<tr>
<td>Q4’21</td>
<td>Q4’21</td>
<td>Q4’21</td>
<td>Q4’21</td>
<td>Q4’21</td>
</tr>
<tr>
<td>$5,524</td>
<td>$1,974</td>
<td>$1,584</td>
<td>$526</td>
<td>$2.05</td>
</tr>
<tr>
<td>Q4’22</td>
<td>Q4’22</td>
<td>Q4’22</td>
<td>Q4’22</td>
<td>Q4’22</td>
</tr>
</tbody>
</table>

- **+11% comp sales**
  - Execution of sales initiatives
  - Strong demand
  - Benefit from product pricing
  - MSD inflation rate
- **+8.0% from acquisitions**
  - Various strategic automotive store groups across geographies
  - Kaman acquisition in Industrial
- **(4.1%) FX/Other**

- Improvement primarily driven by: **Strong performance in our core operations**
  - Strategic category management initiatives in pricing and sourcing
- Headwinds include:
  - Moderating supplier incentives
  - Business mix shift related to the strength of our Industrial segment
  - Foreign currency and inflation
- Expenses up due primarily to inflation driven increases in freight cost, and overall investments in IT initiatives across the business units
- **Executing on our key initiatives**
  - Ongoing focus on controlling costs
  - Greater automation/efficiencies
  - Facility consolidations to optimize network
- Increase in variable costs related to $720M sales growth
- **Margin expansion in each quarter of 2022**
  - FY’22 segment profit margin of 9.4%
  - +60 bps versus 2021
  - +160 bps versus 2019
- **Reflects our transformation to a stronger company and our ability to consistently perform through dynamic economic conditions**
- **10th consecutive quarter of double-digit EPS growth**
  - Reported earnings per diluted share
    - $1.77 in Q4’22
    - $1.79 in Q4’21

Note: All comparisons are YoY unless otherwise stated. 1Adjusted 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) 2See Appendix C 3See Appendix B for definition
Strong Balance Sheet and Robust Cash Generation

**Balance Sheet Highlights**

<table>
<thead>
<tr>
<th>(SB)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash / Cash Equivalents</td>
<td>$0.7</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$2.2</td>
</tr>
<tr>
<td>Inventory</td>
<td>$4.4</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$16.5</strong></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$5.5</td>
</tr>
<tr>
<td>Total Debt</td>
<td>$3.3</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$12.7</strong></td>
</tr>
<tr>
<td>Working Capital&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$1.1</td>
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**Liquidity Profile**

<table>
<thead>
<tr>
<th>(SB)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Credit Capacity&lt;sup&gt;3&lt;/sup&gt;</td>
<td>$4.8</td>
</tr>
<tr>
<td>Less Total Debt:</td>
<td>($3.3)</td>
</tr>
<tr>
<td>Unused Credit Capacity</td>
<td>$1.5</td>
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<tr>
<td>Cash</td>
<td>$0.7</td>
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<tr>
<td><strong>Total Available Liquidity</strong></td>
<td><strong>$2.2</strong></td>
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**Debt Maturity Schedule**

<table>
<thead>
<tr>
<th>(SM)</th>
<th>2.33% Q4’22 Average Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$252</td>
</tr>
<tr>
<td>2024</td>
<td>$347</td>
</tr>
<tr>
<td>2025</td>
<td>$500</td>
</tr>
<tr>
<td>2026</td>
<td>$356</td>
</tr>
<tr>
<td>2027</td>
<td>$388</td>
</tr>
<tr>
<td>2028</td>
<td>$187</td>
</tr>
<tr>
<td>2029</td>
<td>$1,299</td>
</tr>
<tr>
<td>2030+</td>
<td></td>
</tr>
</tbody>
</table>

**Cash Flow from Operations**

<table>
<thead>
<tr>
<th>(SM)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$1,057</td>
</tr>
<tr>
<td>2019</td>
<td>$833</td>
</tr>
<tr>
<td>2020</td>
<td>$2,015*</td>
</tr>
<tr>
<td>2021</td>
<td>$1,258</td>
</tr>
<tr>
<td>2022</td>
<td>$1,467*</td>
</tr>
</tbody>
</table>

- 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 adj EBITDA<sup>4</sup> was 1.7x on December 31, 2022, versus our targeted range of 2.0 to 2.5 times
- Continued strong cash flow to support growth initiatives and effective allocation of capital

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<sup>1</sup>As of 12/31/2022; <sup>2</sup>Working capital is defined as current assets less current liabilities; <sup>3</sup>Total credit capacity represents total committed capacity under the revolving credit facility plus the amount of all other debt outstanding; <sup>4</sup>These amounts are non-GAAP measures (See Appendix D)
Key Priorities

Reinvestment
- $340M CapEx in ’22
- Projecting ‘23 CapEx of $375M - $400M

M&A / KDG Acquisition
- $1.5B in 2022, including $1.3B for KDG acquisition
- Targeting additional acquisitions in ’23

Share Repurchases
- $50M spend for ~290K shares in Q4 and $223M spend for ~1.6M shares in ’22
- Continued share buy-backs in ‘23

Dividend
- $496M in cash dividends paid in 2022
- 2023 cash dividend of $3.80 per share, +6% from 2022
  - 67th consecutive year of increased dividends paid to our shareholders

Effective Capital Allocation

2022 Capital Deployment

- $2.6B
- 52% Dividend
- 19% M&A
- 13% KDG Acquisition
- 9% Share Repurchases
- 7% Reinvestment

Reinvestment
M&A
KDG Acquisition
Share Repurchases
Dividend
## 2023 Outlook\(^1\)

### Total Sales Growth
- Automotive: 4% to 6%
- Industrial: 4% to 6%

### Diluted EPS
$8.80 to $8.95

### Adj Diluted EPS
$8.80 to $8.95

### Adj EPS Growth
6% to 7%

### Cash from Operations
$1.2B to $1.4B

### Free Cash Flow\(^2\)
$800M to $1.0B

Full-year growth rates and EPS assume FX headwind of <1.0%

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### OTHER ASSUMPTIONS
- Corporate expenses ~$300M-$325M
- Capex ~$375M-$400M
- Depreciation and amortization ~$350M-$360M
- Interest expense ~$80M-$85M
- Tax rate ~25%

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\(^1\)Our guidance considers several factors, including recent business trends and financial results, current growth plans, strategic initiatives, global economic outlook, geopolitical conflicts and the potential impact on results. We will update full-year guidance during 2023, as appropriate.

\(^2\)A non-GAAP measure (See Appendix D)
Q&A
Appendix
Consolidated Net Sales and Adj Diluted EPS Bridge

Net Sales (SM)

- Q4’21: $4,803
- Core Sales: $534
- Acquisitions: $385
- FX & Other: ($198)
- Q4’22: $5,524

Adj Diluted Earnings Per Share

- Q4’21 GAAP EPS: $1.79
- Core Operations: $0.26
- Q4’22 Adj. Diluted EPS: $2.05
- Adjustments: ($0.28)
- Q4’22 GAAP EPS: $1.77

1 See Appendix D

Appendix A
Comparable Sales: Comparable sales or “comp sales” refer to period-over-period comparisons of our net sales excluding the impact of acquisitions, divestitures, foreign currency and other. 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

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>2022</th>
<th></th>
<th>2021</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>$13,666,634</td>
<td>$3,275,621</td>
<td>$3,467,494</td>
<td>$3,490,462</td>
</tr>
<tr>
<td>Industrial</td>
<td>8,429,339</td>
<td>2,019,014</td>
<td>2,134,920</td>
<td>2,184,812</td>
</tr>
<tr>
<td><strong>Total net sales</strong></td>
<td>22,095,973</td>
<td>5,294,635</td>
<td>5,602,414</td>
<td>5,675,274</td>
</tr>
<tr>
<td><strong>Segment profit:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>1,191,674</td>
<td>264,573</td>
<td>322,553</td>
<td>309,349</td>
</tr>
<tr>
<td>Industrial</td>
<td>886,636</td>
<td>188,353</td>
<td>225,472</td>
<td>242,505</td>
</tr>
<tr>
<td><strong>Total segment profit</strong></td>
<td>2,078,310</td>
<td>452,926</td>
<td>548,025</td>
<td>551,854</td>
</tr>
<tr>
<td><strong>Interest expense, net</strong></td>
<td>(73,886)</td>
<td>(19,850)</td>
<td>(20,248)</td>
<td>(18,220)</td>
</tr>
<tr>
<td><strong>Corporate expense</strong></td>
<td>(269,364)</td>
<td>(41,751)</td>
<td>(73,312)</td>
<td>(72,820)</td>
</tr>
<tr>
<td><strong>Intangible asset amortization</strong></td>
<td>(157,437)</td>
<td>(39,694)</td>
<td>(39,630)</td>
<td>(39,416)</td>
</tr>
<tr>
<td><strong>Other unallocated costs</strong></td>
<td>(5,021)</td>
<td>(25,915)</td>
<td>76,732</td>
<td>(3,462)</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>1,572,602</td>
<td>325,716</td>
<td>491,567</td>
<td>417,936</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>(389,901)</td>
<td>(79,878)</td>
<td>(119,038)</td>
<td>(105,578)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$1,182,701</td>
<td>$245,838</td>
<td>$372,529</td>
<td>$312,358</td>
</tr>
</tbody>
</table>

| Segment profit margin: |      |                  |      |                  |
| Automotive     | 8.7% | 8.1% | 9.3% | 8.9% | 8.6% |
| Industrial     | 10.5% | 9.3% | 10.6% | 11.1% | 11.0% |
| **Total segment profit margin** | 9.4% | 8.6% | 9.8% | 9.7% | 9.5% |
Explanation of Adjustments

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

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

(3) **Product liability adjustment**: Adjustment to remeasure the product liability reserve for a revised estimate of the number of claims to be incurred in future periods, among other assumptions.

(4) **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.

(5) **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.

(6) **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.

(7) **Transaction and other costs**: Adjustment for 2022 primarily includes costs of $67 million associated with the January 3, 2022 acquisition and integration of KDG which includes a $17 million impairment charge. The impairment charge was 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. Separately, this adjustment includes an $11 million loss related to an investment. Adjustment for 2021 include transaction and other costs related to acquisitions.
Reconciliation of Non-GAAP Financial Measures

## Appendix D

### Adj Net Income

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>2022</th>
<th>2022</th>
<th>2022</th>
<th>2021</th>
<th>2021</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full Year</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
</tr>
<tr>
<td>GAAP net income</td>
<td>$1,182,701</td>
<td>$245,838</td>
<td>$372,529</td>
<td>$312,358</td>
<td>$251,976</td>
<td>$217,710</td>
</tr>
</tbody>
</table>

### Adjustments:

- Gain on sale of real estate (1) |
  - Adjusted: (102,803) |
  - Tax impact: (137) |
  - Adjusted net income: $1,187,585

- Gain on insurance proceeds (2) |
  - Adjusted: (1,507) |
  - Tax impact: (6,103) |
  - Adjusted net income: $1,186,550

- Product liability adjustment (3) |
  - Adjusted: 28,730 |
  - Tax impact: 17,290 |
  - Adjusted net income: $1,215,240

- Product liability damages award (4) |
  - Adjusted: 28,730 |
  - Tax impact: 53 |
  - Adjusted net income: $1,215,240

- Loss on software disposal (5) |
  - Adjusted: 28,730 |
  - Tax impact: 53 |
  - Adjusted net income: $1,215,240

- Gain on equity investment (6) |
  - Adjusted: 28,730 |
  - Tax impact: 53 |
  - Adjusted net income: $1,215,240

- Transaction and other costs (7) |
  - Adjusted: 28,730 |
  - Tax impact: 53 |
  - Adjusted net income: $1,215,240

## Adjusted Net Income per Common Share

<table>
<thead>
<tr>
<th>(in thousands, except per share data)</th>
<th>2022</th>
<th>2022</th>
<th>2022</th>
<th>2021</th>
<th>2021</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full Year</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
</tr>
<tr>
<td>GAAP net income per common share</td>
<td>$8.31</td>
<td>$1.72</td>
<td>$2.62</td>
<td>$2.20</td>
<td>$1.77</td>
<td>$1.50</td>
</tr>
</tbody>
</table>

### Adjustments:

- Gain on sale of real estate (1) |
  - Adjusted: (0.72) |
  - Tax impact: (0.04) |
  - Adjusted net income per common share: $8.34

- Gain on insurance proceeds (2) |
  - Adjusted: (0.01) |
  - Tax impact: (0.01) |
  - Adjusted net income per common share: $8.34

- Product liability adjustment (3) |
  - Adjusted: 0.20 |
  - Tax impact: 0.02 |
  - Adjusted net income per common share: $8.34

- Product liability damages award (4) |
  - Adjusted: 0.20 |
  - Tax impact: 0.02 |
  - Adjusted net income per common share: $8.34

- Loss on software disposal (5) |
  - Adjusted: 0.20 |
  - Tax impact: 0.02 |
  - Adjusted net income per common share: $8.34

- Gain on equity investment (6) |
  - Adjusted: 0.20 |
  - Tax impact: 0.02 |
  - Adjusted net income per common share: $8.34

- Transaction and other costs (7) |
  - Adjusted: 0.20 |
  - Tax impact: 0.02 |
  - Adjusted net income per common share: $8.34

## Weighted average common shares outstanding assuming dilution

<table>
<thead>
<tr>
<th>2022</th>
<th>2022</th>
<th>2022</th>
<th>2021</th>
<th>2021</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$142,322</td>
<td>$142,842</td>
<td>$142,304</td>
<td>$142,109</td>
<td>$141,972</td>
</tr>
</tbody>
</table>

Refer to Explanation of Adjustments for further information
## Reconciliation of Non-GAAP Financial Measures (Cont.)

### Appendix D

#### Adj EBIT and Adj EBITDA

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th></th>
<th></th>
<th></th>
<th>2021</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full Year</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td>GAAP net income</td>
<td>$1,182,701</td>
<td>$245,838</td>
<td>$372,529</td>
<td>$312,358</td>
<td>$251,976</td>
<td>$217,710</td>
<td>$196,496</td>
<td>$228,585</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>73,866</td>
<td>19,850</td>
<td>20,248</td>
<td>18,220</td>
<td>15,568</td>
<td>18,324</td>
<td>15,362</td>
<td>14,167</td>
</tr>
<tr>
<td>Income taxes</td>
<td>389,901</td>
<td>79,878</td>
<td>119,038</td>
<td>105,578</td>
<td>85,407</td>
<td>68,149</td>
<td>73,111</td>
<td>70,389</td>
</tr>
<tr>
<td>EBIT:</td>
<td>1,646,488</td>
<td>345,566</td>
<td>511,815</td>
<td>436,156</td>
<td>352,951</td>
<td>304,183</td>
<td>284,969</td>
<td>313,141</td>
</tr>
<tr>
<td>Gain on sale of real estate (1)</td>
<td>(102,803)</td>
<td>—</td>
<td>(102,803)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Gain on insurance proceeds (2)</td>
<td>(1,507)</td>
<td>(634)</td>
<td>(873)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Product liability adjustment (3)</td>
<td>28,730</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>28,730</td>
<td>—</td>
<td>—</td>
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</tr>
<tr>
<td>Product liability damages award (4)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>77,421</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Loss on software disposal (5)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>61,063</td>
<td>—</td>
</tr>
<tr>
<td>Gain on equity investment (6)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(10,229)</td>
</tr>
<tr>
<td>Transaction and other costs (7)</td>
<td>80,601</td>
<td>26,549</td>
<td>26,944</td>
<td>3,462</td>
<td>23,646</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted EBIT</td>
<td>$1,651,509</td>
<td>$371,481</td>
<td>$435,083</td>
<td>$439,618</td>
<td>$405,327</td>
<td>$304,183</td>
<td>$362,390</td>
<td>$374,204</td>
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</table>

#### (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th></th>
<th></th>
<th></th>
<th>2021</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortization</td>
<td>347,819</td>
<td>87,369</td>
<td>85,890</td>
<td>86,563</td>
<td>87,997</td>
<td>72,296</td>
<td>73,960</td>
<td>72,121</td>
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<tr>
<td>Interest expense, net</td>
<td>73,866</td>
<td>19,850</td>
<td>20,248</td>
<td>18,220</td>
<td>15,568</td>
<td>18,324</td>
<td>15,362</td>
<td>14,167</td>
</tr>
<tr>
<td>Income taxes</td>
<td>389,901</td>
<td>79,878</td>
<td>119,038</td>
<td>105,578</td>
<td>85,407</td>
<td>68,149</td>
<td>73,111</td>
<td>70,389</td>
</tr>
<tr>
<td>EBITDA:</td>
<td>1,994,307</td>
<td>432,935</td>
<td>597,705</td>
<td>522,719</td>
<td>440,948</td>
<td>376,479</td>
<td>358,929</td>
<td>385,262</td>
</tr>
<tr>
<td>Gain on sale of real estate (1)</td>
<td>(102,803)</td>
<td>—</td>
<td>(102,803)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Gain on insurance proceeds (2)</td>
<td>(1,507)</td>
<td>(634)</td>
<td>(873)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Product liability adjustment (3)</td>
<td>28,730</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>28,730</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Product liability damages award (4)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>77,421</td>
<td>—</td>
<td>—</td>
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<td>Loss on software disposal (5)</td>
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<td>—</td>
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<td>—</td>
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<td>—</td>
</tr>
<tr>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(10,229)</td>
</tr>
<tr>
<td>Transaction and other costs (7)</td>
<td>80,601</td>
<td>26,549</td>
<td>26,944</td>
<td>3,462</td>
<td>23,646</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$1,999,328</td>
<td>$458,850</td>
<td>$520,973</td>
<td>$526,181</td>
<td>$493,324</td>
<td>$376,479</td>
<td>$436,350</td>
<td>$446,325</td>
</tr>
</tbody>
</table>

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Refer to Explanation of Adjustments for further information.
## Reconciliation of Non-GAAP Financial Measures

### Adj Operating and Non-Operating Expenses

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>2022</th>
<th>2021</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP operating and non-operating expenses</td>
<td>$1,636,308</td>
<td>$1,347,543</td>
<td>$288,765</td>
<td>21.4%</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on insurance proceeds (2)</td>
<td>—</td>
<td>3,862</td>
<td>(3,862)</td>
<td>(100.0%)</td>
</tr>
<tr>
<td>Product liability adjustment (3)</td>
<td>(28,730)</td>
<td>—</td>
<td>(28,730)</td>
<td>100.0%</td>
</tr>
<tr>
<td>Gain on equity investment (6)</td>
<td>—</td>
<td>10,229</td>
<td>(10,229)</td>
<td>(100.0%)</td>
</tr>
<tr>
<td>Transaction and other costs (7)</td>
<td>(23,646)</td>
<td>(3,655)</td>
<td>(19,991)</td>
<td>546.9%</td>
</tr>
<tr>
<td>Less: Total Adjustments</td>
<td>(52,376)</td>
<td>10,436</td>
<td>(62,812)</td>
<td></td>
</tr>
<tr>
<td>Adjusted operating and non-operating expenses</td>
<td>$1,583,932</td>
<td>$1,357,979</td>
<td>$225,953</td>
<td>16.6%</td>
</tr>
</tbody>
</table>

**Adjusted operating and non-operating expenses as a percent of GAAP net sales**

- **28.7%**
- **28.3%**

**40 bps**

### Adj Tax Rate

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP net income</td>
<td>$251,976</td>
<td>$255,999</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on insurance proceeds (2)</td>
<td>—</td>
<td>(3,862)</td>
</tr>
<tr>
<td>Product liability adjustment (3)</td>
<td>28,730</td>
<td>—</td>
</tr>
<tr>
<td>Gain on equity investment (6)</td>
<td>—</td>
<td>(10,229)</td>
</tr>
<tr>
<td>Transaction and other costs (7)</td>
<td>23,646</td>
<td>3,655</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>52,376</td>
<td>(10,436)</td>
</tr>
<tr>
<td>Tax impact of adjustments</td>
<td>(12,788)</td>
<td>10,661</td>
</tr>
<tr>
<td>Adjusted net income</td>
<td>$291,564</td>
<td>$256,224</td>
</tr>
</tbody>
</table>

Refer to Explanation of Adjustments for further information
### Free Cash Flow

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Twelve Months Ended December 31, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>$1,466,971</td>
</tr>
<tr>
<td>Less: Purchases of property, plant and equipment</td>
<td>$(339,632)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$1,127,339</td>
</tr>
</tbody>
</table>

### Updated Outlook

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>$1.2 billion to $1.4 billion</td>
</tr>
<tr>
<td>Purchases of property, plant and equipment</td>
<td>$375 million to $400 million</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$800 million to $1.0 billion</td>
</tr>
</tbody>
</table>