



Q4'22
Earnings Presentation

February 23, 2023

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

Key Statistics

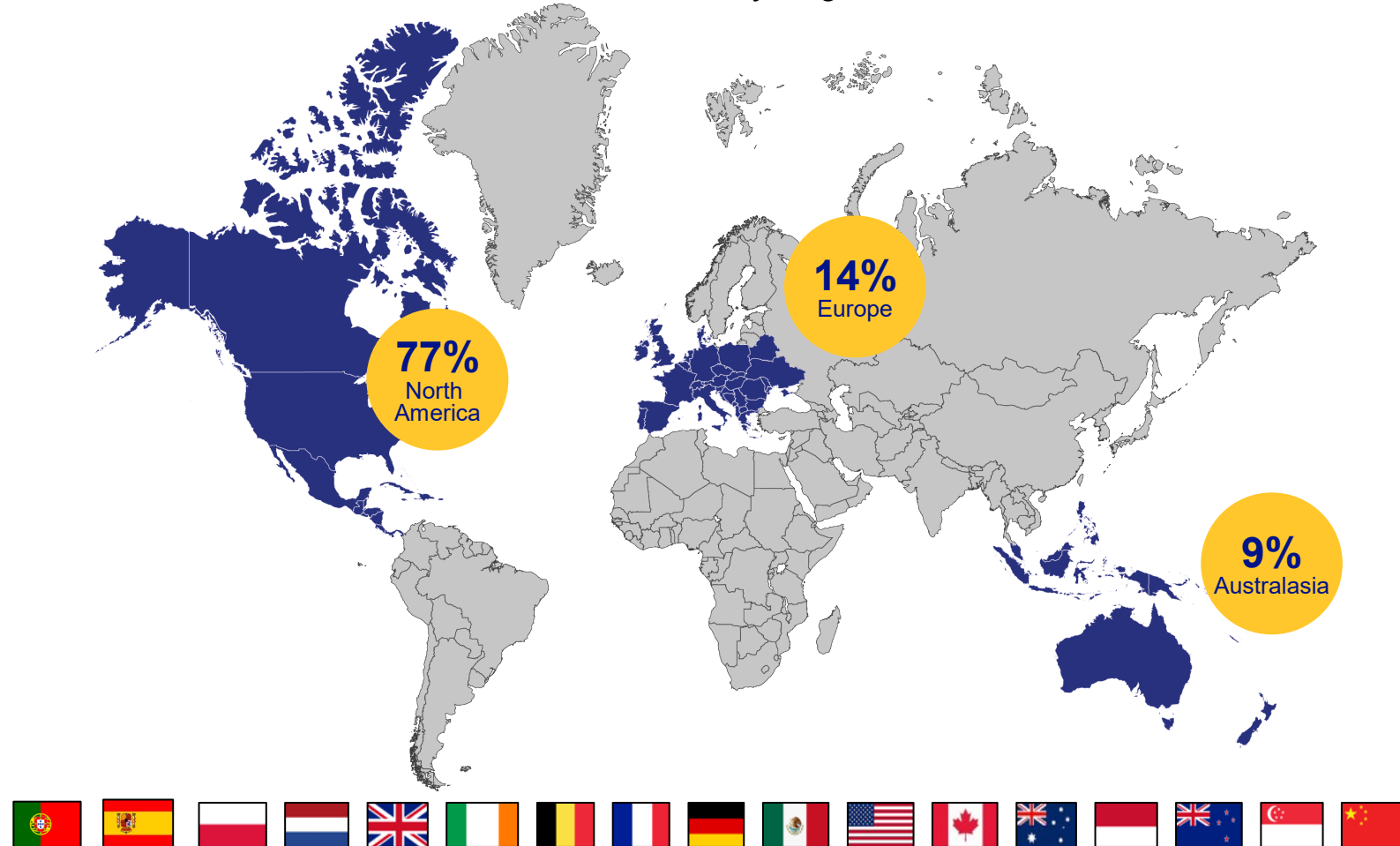
Founded	1928
Headquarters	Atlanta, GA
Countries Served	17
Locations	~10,600
<ul style="list-style-type: none"> Distribution Centers Warehouses Retail (Owned/Independent) 	<ul style="list-style-type: none"> ~205 ~765 ~9,630
Employees	~58,000
Market Capitalization	~\$24.5B

2022 Financial Highlights

Revenue	\$22.1B
<ul style="list-style-type: none"> Automotive Industrial 	<ul style="list-style-type: none"> 62% 38%
Segment Profit Margin ¹	9.4%
Free Cash Flow ²	~\$1.1B
Dividend Yield ³	2.1%

Global Footprint

2022 Revenue by Region



Leading Global Distributor in Diversified End Markets

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.



Paul Donahue
Chairman & CEO

Key Messages

- ✓ 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

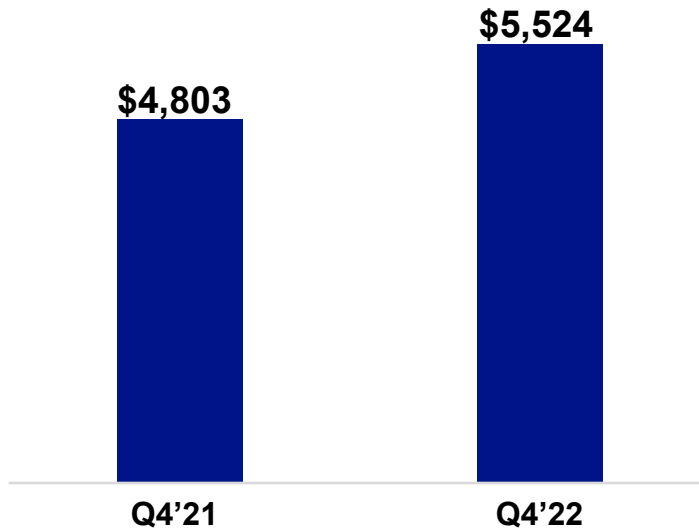
————— *Strategic Initiatives and Focused Team Execution Delivering Results* —————

Q4'22 Performance Highlights

Total Sales

+15.0%

(\$M)

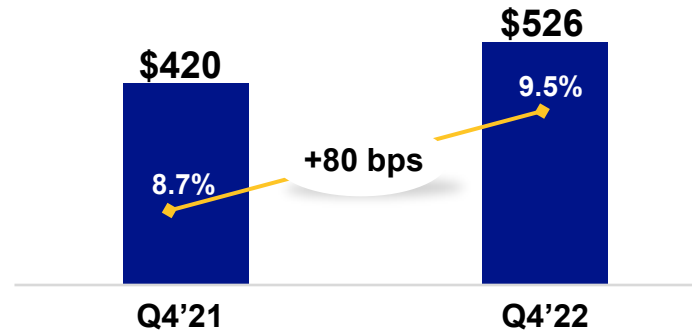


- 7th consecutive quarter of double-digit sales growth

Segment Profit

+25.2%

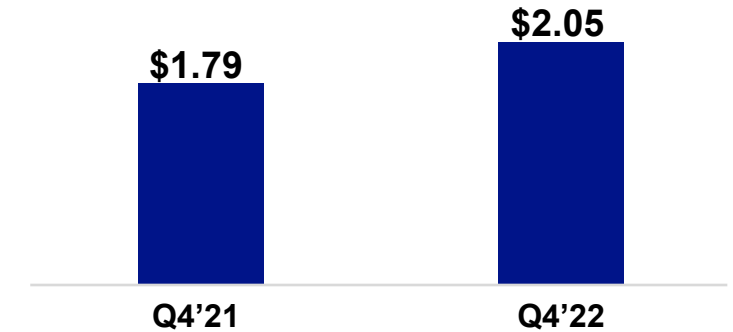
(\$M)



- Segment profit margin expansion in Automotive, Industrial and total GPC

Adj Diluted EPS¹

+14.5%



- 10th consecutive quarter of double-digit adjusted EPS growth
- GAAP EPS \$1.77

Strong Financial Performance, Balance Sheet and Cash Flow



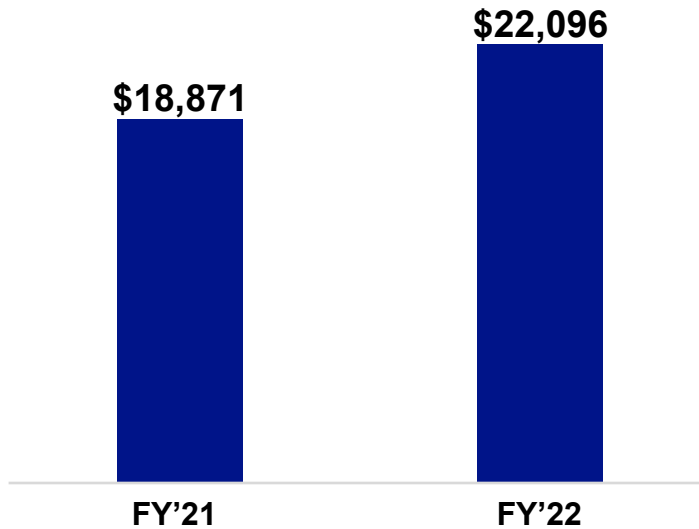
¹See Appendix D

FY'22 Performance Highlights

Total Sales

+17.1%

(\$M)

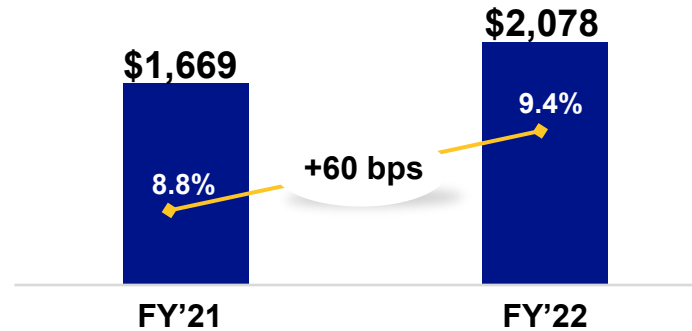


- Record total sales

Segment Profit

+24.5%

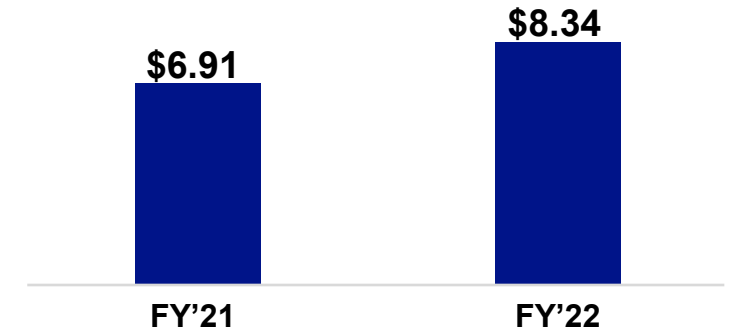
(\$M)



- Segment profit margin expansion in Automotive, Industrial and total GPC

Adj Diluted EPS¹

+20.7%



- Record adjusted EPS
- GAAP EPS \$8.31

Delivered Record Sales and Earnings in 2022



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



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

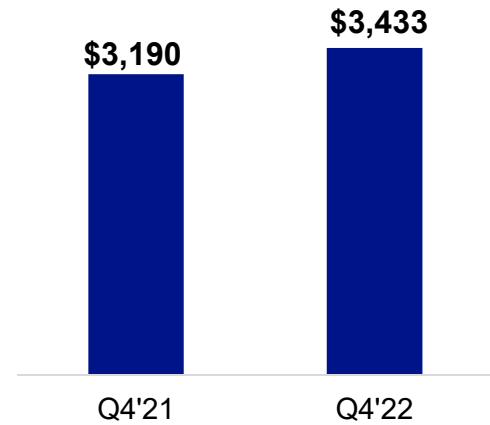
- **Strategic bolt-on acquisitions** remain a key part of our GPC growth strategy

- **Acquisition pipeline** remains active and actionable

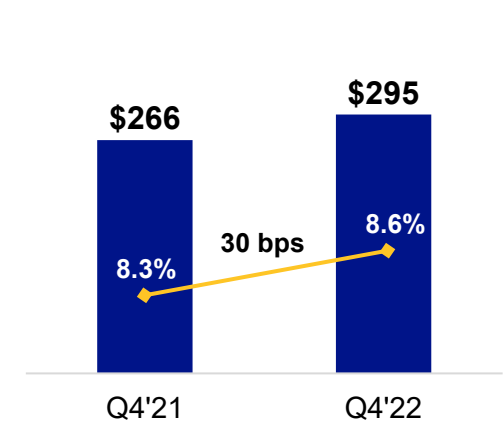
- **Continue to refine our processes** to move faster, be disciplined and create value

Q4'22 Automotive Performance

Sales +7.6% (\$M)



Segment Profit¹ +11.0% (\$M)



Automotive Highlights

- **Total Sales +7.6%**
 - +8.2% comp sales² increase
- Mid single-digit to low double-digit comp sales² 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 sales²
- 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 sales²
- Reflects solid industry fundamentals, team execution and market share gains

Europe

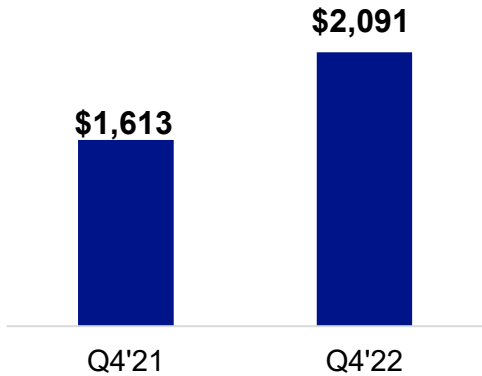
- **Total European Sales +22%³**
 - +10% comp sales²
- Sales growth across all European markets
- For the year, NAPA product sales reached nearly €300M, an increase of over 50% from the prior year
- European bolt-on acquisition efforts continue to create value and expand and add density to our market footprint

Australasia

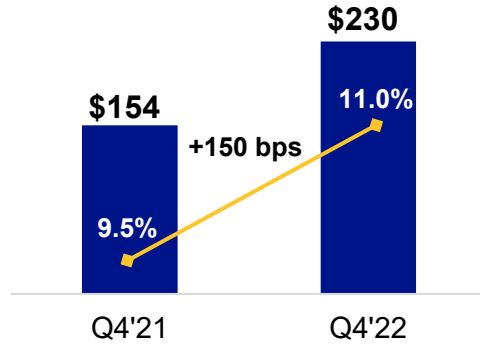
- **Total Australasian Sales +10%³**
 - +7% comp sales²
- Both commercial and retail sales continue to perform well, with Repco, NAPA and our motorcycle accessories division delivering profitable growth and share gains

Q4'22 Industrial Performance

Sales +29.6% (\$M)



Segment Profit¹ +49.8% (\$M)



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

Industrial Highlights

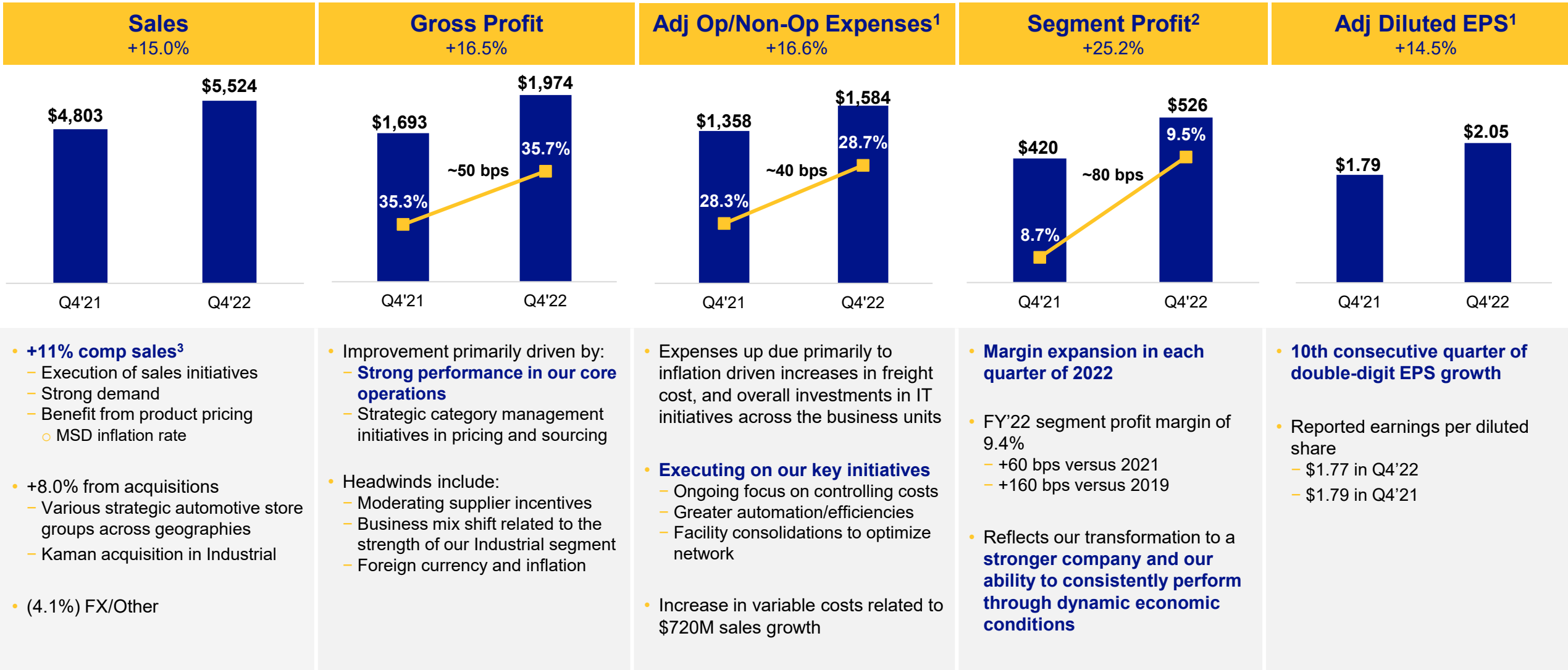
- **Total Sales +29.6%**
 - 16.7% comp sales² increase, **7th consecutive quarter of double-digit comps**
 - Strong performance at KDG, creating added momentum
- The strong financial performance is a direct result of customer and sales intensity, focused strategic initiatives and operating rigor
 - **10th consecutive quarter of margin expansion**
 - **+240 bps margin improvement versus Q4'19**



Bert Nappier
EVP & CFO

Q4'22 Financial Results

(\$M, except per share data)



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 Highlights¹ (\$B)

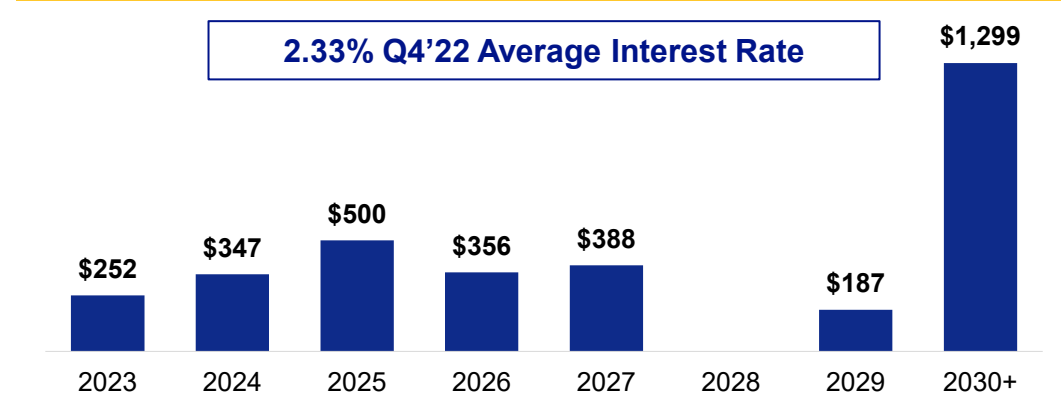
Cash / Cash Equivalents	\$0.7
Accounts Receivable	\$2.2
Inventory	\$4.4
Total Assets	\$16.5
Accounts Payable	\$5.5
Total Debt	\$3.3
Total Liabilities	\$12.7
Working Capital ²	\$1.1

Liquidity Profile¹ (\$B)

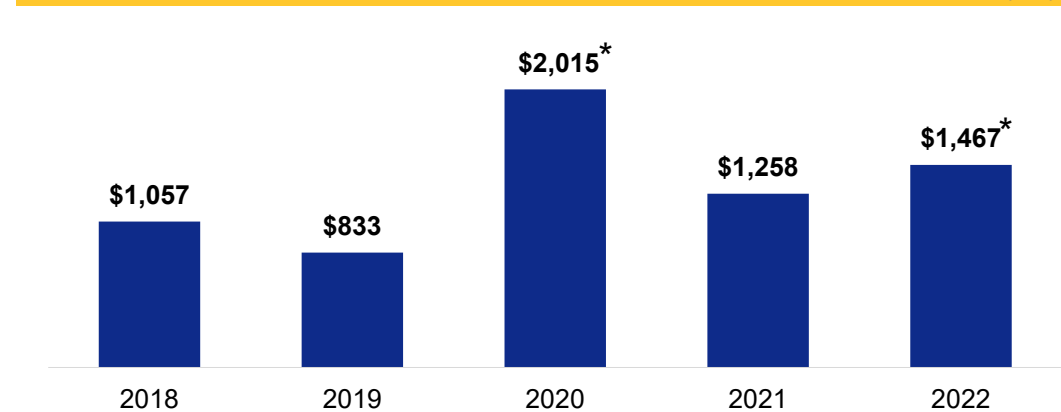
Total Credit Capacity ³	\$4.8
Less Total Debt:	(\$3.3)
Unused Credit Capacity	\$1.5
Cash	\$0.7
Total Available Liquidity	\$2.2

Total debt to adj EBITDA (TTM)⁴ 1.7x

Debt Maturity Schedule¹ (\$M)



Cash Flow from Operations (\$M)



*Includes benefit of A/R sales agreement

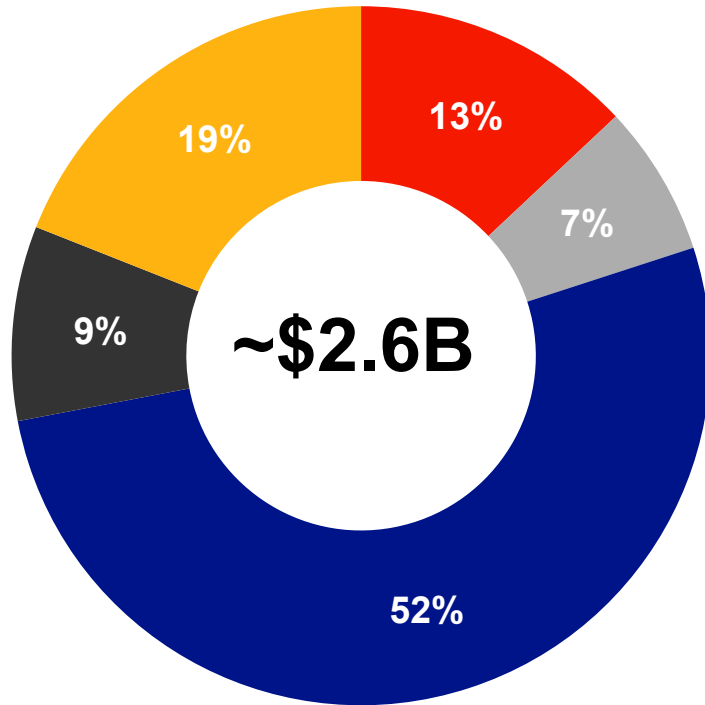
- **Changes in key working capital accounts in-line with sales growth**
- **Steady debt position and favorable financial arrangements** supporting our investment grade rating
- **Total debt to TTM adj EBITDA⁴ was 1.7x on December 31, 2022**, versus our targeted range of 2.0 to 2.5 times
- **Continued strong cash flow** to support growth initiatives and effective allocation of capital



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

Effective Capital Allocation

2022 Capital Deployment



Reinvestment M&A KDG Acquisition Share Repurchases Dividend

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

2023 Outlook¹

Total Sales Growth	4% to 6%
• 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 Flow²	\$800M to \$1.0B

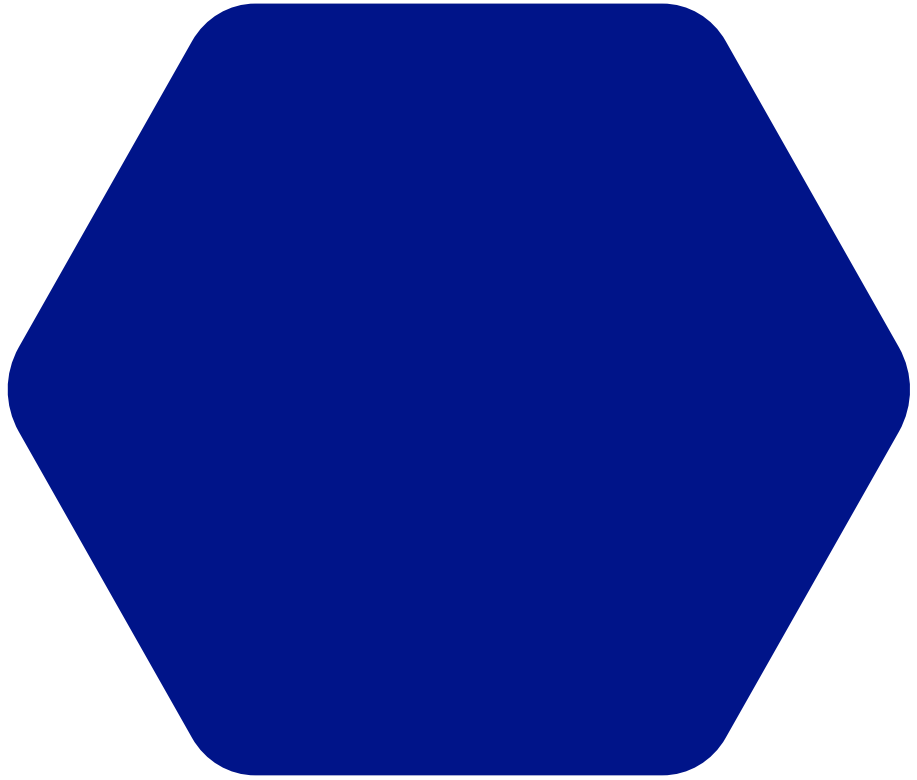
Full-year growth rates and EPS assume FX headwind of <1.0%

OTHER ASSUMPTIONS

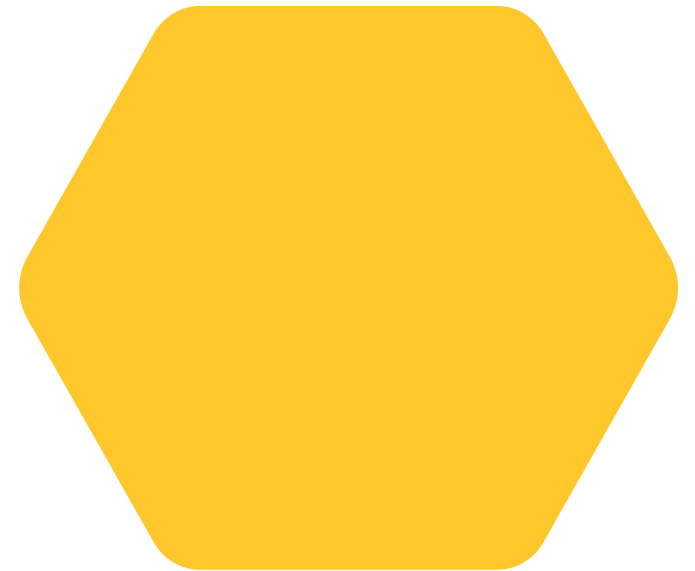
- Corporate expenses ~\$300M-\$325M
- Capex ~\$375M-\$400M
- Depreciation and amortization ~\$350M-\$360M
- Interest expense ~\$80M-\$85M
- Tax rate ~25%



¹Our 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. ²A non-GAAP measure (See Appendix D)



Q&A



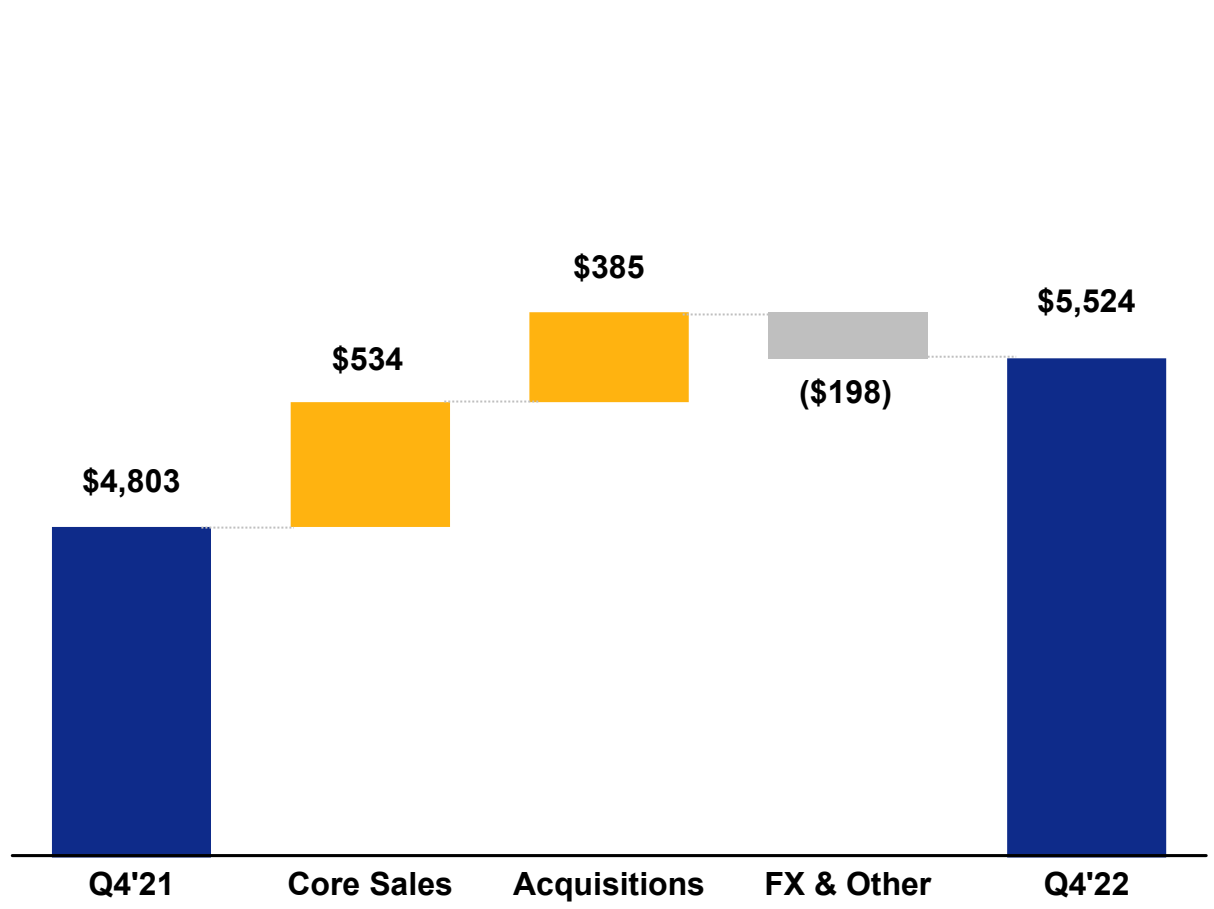


Appendix

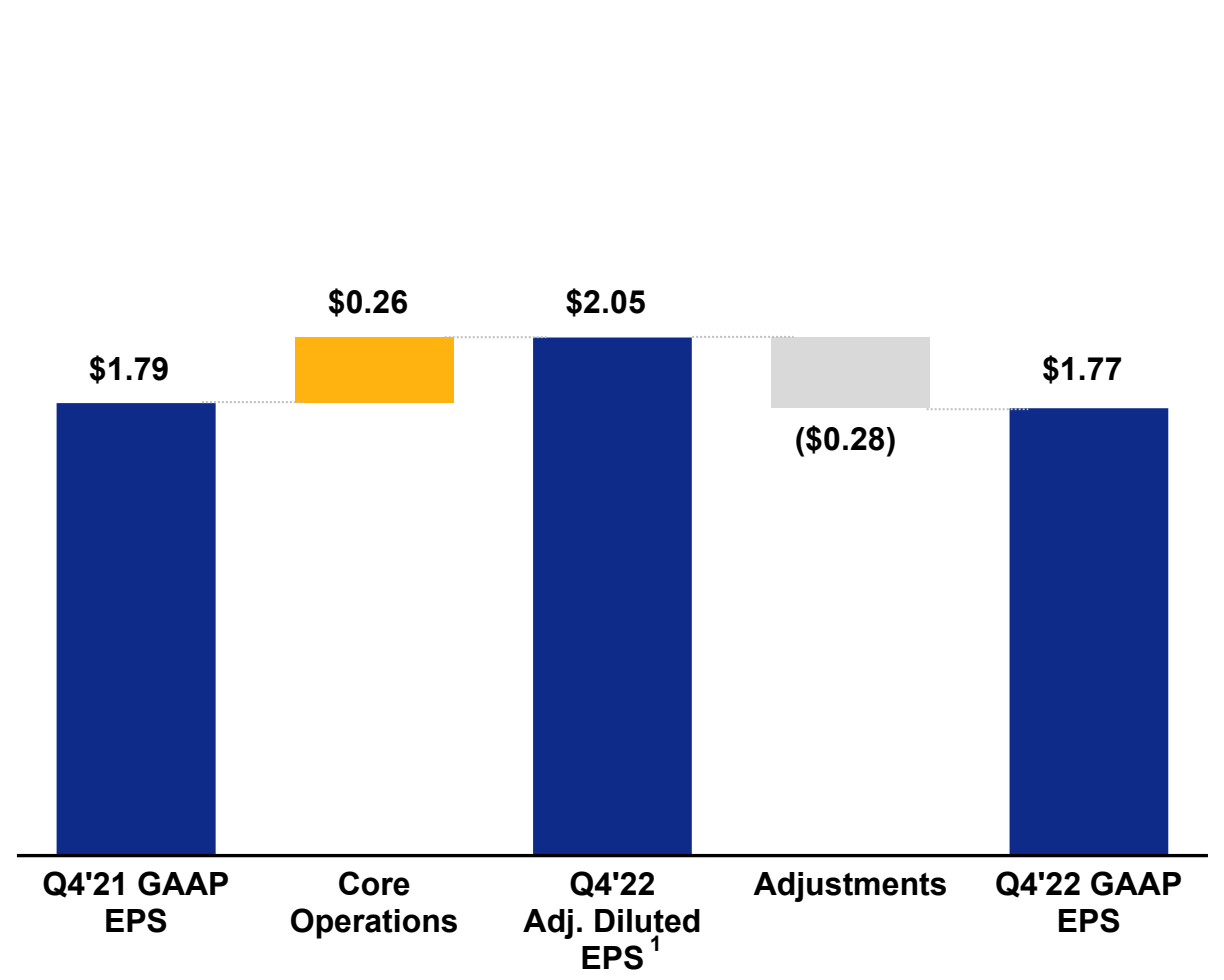
Consolidated Net Sales and Adj Diluted EPS Bridge

Appendix A

Net Sales (\$M)



Adj Diluted Earnings Per Share¹



¹See Appendix D

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

(in thousands)	2022	2022				2021			
	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales:									
Automotive	\$ 13,666,634	\$ 3,275,621	\$ 3,467,494	\$ 3,490,462	\$ 3,433,057	\$ 2,953,165	\$ 3,196,299	\$ 3,204,534	\$ 3,190,133
Industrial	8,429,339	2,019,014	2,134,920	2,184,812	2,090,593	1,511,549	1,587,439	1,614,315	1,613,076
Total net sales	22,095,973	5,294,635	5,602,414	5,675,274	5,523,650	4,464,714	4,783,738	4,818,849	4,803,209
Segment profit:									
Automotive	1,191,674	264,573	322,553	309,349	295,199	235,678	290,758	281,150	265,841
Industrial	886,636	188,353	225,472	242,505	230,306	125,292	150,413	165,754	153,773
Total segment profit	2,078,310	452,926	548,025	551,854	525,505	360,970	441,171	446,904	419,614
Interest expense, net	(73,886)	(19,850)	(20,248)	(18,220)	(15,568)	(18,324)	(15,362)	(14,167)	(14,297)
Corporate expense	(269,364)	(41,751)	(73,312)	(72,820)	(81,481)	(31,243)	(51,397)	(47,389)	(44,813)
Intangible asset amortization	(157,437)	(39,694)	(39,630)	(39,416)	(38,697)	(25,544)	(27,384)	(25,311)	(25,034)
Other unallocated costs	(5,021)	(25,915)	76,732	(3,462)	(52,376)	—	(77,421)	(61,063)	10,436
Income before income taxes	1,572,602	325,716	491,567	417,936	337,383	285,859	269,607	298,974	345,906
Income taxes	(389,901)	(79,878)	(119,038)	(105,578)	(85,407)	(68,149)	(73,111)	(70,389)	(89,907)
Net income	\$ 1,182,701	\$ 245,838	\$ 372,529	\$ 312,358	\$ 251,976	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999
Segment profit margin:									
Automotive	8.7%	8.1%	9.3%	8.9%	8.6%	8.0%	9.1%	8.8%	8.3%
Industrial	10.5%	9.3%	10.6%	11.1%	11.0%	8.3%	9.5%	10.3%	9.5%
Total segment profit margin	9.4%	8.6%	9.8%	9.7%	9.5%	8.1%	9.2%	9.3%	8.7%

- (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

(in thousands)	2022	2022				2021			
	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP net income	\$ 1,182,701	\$ 245,838	\$ 372,529	\$ 312,358	\$ 251,976	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999
Adjustments:									
Gain on sale of real estate (1)	(102,803)	—	(102,803)	—	—	—	—	—	—
Gain on insurance proceeds (2)	(1,507)	(634)	(873)	—	—	—	—	—	(3,862)
Product liability adjustment (3)	28,730	—	—	—	28,730	—	—	—	—
Product liability damages award (4)	—	—	—	—	—	—	77,421	—	—
Loss on software disposal (5)	—	—	—	—	—	—	—	61,063	—
Gain on equity investment (6)	—	—	—	—	—	—	—	—	(10,229)
Transaction and other costs (7)	80,601	26,549	26,944	3,462	23,646	—	—	—	3,655
Total adjustments	5,021	25,915	(76,732)	3,462	52,376	—	77,421	61,063	(10,436)
Tax impact of adjustments	(137)	(6,103)	17,290	1,464	(12,788)	—	(21,322)	(19,167)	10,661
Adjusted net income	\$ 1,187,585	\$ 265,650	\$ 313,087	\$ 317,284	\$ 291,564	\$ 217,710	\$ 252,595	\$ 270,481	\$ 256,224

(in thousands, except per share data)	2022	2022				2021			
	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP net income per common share	\$ 8.31	\$ 1.72	\$ 2.62	\$ 2.20	\$ 1.77	\$ 1.50	\$ 1.36	\$ 1.59	\$ 1.79
Adjustments:									
Gain on sale of real estate (1)	(0.72)	—	(0.72)	—	—	—	—	—	—
Gain on insurance proceeds (2)	(0.01)	(0.01)	(0.01)	—	—	—	—	—	(0.03)
Product liability adjustment (3)	0.20	—	—	—	0.20	—	—	—	—
Product liability damages award (4)	—	—	—	—	—	—	0.53	—	—
Loss on software disposal (5)	—	—	—	—	—	—	—	0.42	—
Gain on equity investment (6)	—	—	—	—	—	—	—	—	(0.07)
Transaction and other costs (7)	0.56	0.19	0.19	0.02	0.17	—	—	—	0.03
Total adjustments	0.03	0.18	(0.54)	0.02	0.37	—	0.53	0.42	(0.07)
Tax impact of adjustments	—	(0.04)	0.12	0.01	(0.09)	—	(0.15)	(0.13)	0.07
Adjusted diluted net income per common share	\$ 8.34	\$ 1.86	\$ 2.20	\$ 2.23	\$ 2.05	\$ 1.50	\$ 1.74	\$ 1.88	\$ 1.79
Weighted average common shares outstanding — assuming dilution	142,322	142,842	142,304	142,109	141,972	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

Adj EBIT and Adj EBITDA

(in thousands)	2022	2022				2021			
	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP net income	\$ 1,182,701	\$ 245,838	\$ 372,529	\$ 312,358	\$ 251,976	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999
Interest expense, net	73,886	19,850	20,248	18,220	15,568	18,324	15,362	14,167	14,297
Income taxes	389,901	79,878	119,038	105,578	85,407	68,149	73,111	70,389	89,907
EBIT:	1,646,488	345,566	511,815	436,156	352,951	304,183	284,969	313,141	360,203
Gain on sale of real estate (1)	(102,803)	—	(102,803)	—	—	—	—	—	—
Gain on insurance proceeds (2)	(1,507)	(634)	(873)	—	—	—	—	—	(3,862)
Product liability adjustment (3)	28,730	—	—	—	28,730	—	—	—	—
Product liability damages award (4)	—	—	—	—	—	—	77,421	—	—
Loss on software disposal (5)	—	—	—	—	—	—	—	61,063	—
Gain on equity investment (6)	—	—	—	—	—	—	—	—	(10,229)
Transaction and other costs (7)	80,601	26,549	26,944	3,462	23,646	—	—	—	3,655
Adjusted EBIT	<u>\$ 1,651,509</u>	<u>\$ 371,481</u>	<u>\$ 435,083</u>	<u>\$ 439,618</u>	<u>\$ 405,327</u>	<u>\$ 304,183</u>	<u>\$ 362,390</u>	<u>\$ 374,204</u>	<u>\$ 349,767</u>

(in thousands)	2022	2022				2021			
	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP net income	\$ 1,182,701	\$ 245,838	\$ 372,529	\$ 312,358	\$ 251,976	\$ 217,710	\$ 196,496	\$ 228,585	\$ 255,999
Depreciation and amortization	347,819	87,369	85,890	86,563	87,997	72,296	73,960	72,121	72,594
Interest expense, net	73,886	19,850	20,248	18,220	15,568	18,324	15,362	14,167	14,297
Income taxes	389,901	79,878	119,038	105,578	85,407	68,149	73,111	70,389	89,907
EBITDA:	1,994,307	432,935	597,705	522,719	440,948	376,479	358,929	385,262	432,797
Gain on sale of real estate (1)	(102,803)	—	(102,803)	—	—	—	—	—	—
Gain on insurance proceeds (2)	(1,507)	(634)	(873)	—	—	—	—	—	(3,862)
Product liability adjustment (3)	28,730	—	—	—	28,730	—	—	—	—
Product liability damages award (4)	—	—	—	—	—	—	77,421	—	—
Loss on software disposal (5)	—	—	—	—	—	—	—	61,063	—
Gain on equity investment (6)	—	—	—	—	—	—	—	—	(10,229)
Transaction and other costs (7)	80,601	26,549	26,944	3,462	23,646	—	—	—	3,655
Adjusted EBITDA	<u>\$ 1,999,328</u>	<u>\$ 458,850</u>	<u>\$ 520,973</u>	<u>\$ 526,181</u>	<u>\$ 493,324</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

Adj Operating and Non-Operating Expenses

(in thousands)	Three Months Ended December 31,		QTD Change	
	2022	2021	\$ Change	% Change
GAAP operating and non-operating expenses	\$ 1,636,308	\$ 1,347,543	\$ 288,765	21.4%
Adjustments:				
Gain on insurance proceeds (2)	—	3,862	(3,862)	(100.0)%
Product liability adjustment (3)	(28,730)	-	(28,730)	100.0%
Gain on equity investment (6)	-	10,229	(10,229)	(100.0)%
Transaction and other costs (7)	(23,646)	(3,655)	(19,991)	546.9%
Less: Total Adjustments	(52,376)	10,436	(62,812)	
Adjusted operating and non-operating expenses	\$ 1,583,932	\$ 1,357,979	\$ 225,953	16.6%
Adjusted operating and non-operating expenses as a percent of GAAP net sales	28.7%	28.3%		40 bps

Adj Tax Rate

(in thousands)	Three Months Ended December 31,	
	2022	2021
GAAP net income	\$ 251,976	\$ 255,999
Adjustments:		
Gain on insurance proceeds (2)	—	(3,862)
Product liability adjustment (3)	28,730	—
Gain on equity investment (6)	—	(10,229)
Transaction and other costs (7)	23,646	3,655
Total adjustments	52,376	(10,436)
Tax impact of adjustments	(12,788)	10,661
Adjusted net income	\$ 291,564	\$ 256,224

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

Free Cash Flow

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

Updated Outlook

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