



WE KEEP
THE WORLD
MOVING

INVESTOR DAY *2023*

Welcome

Sid Jones

*Senior Vice President,
Investor Relations*



Safe Harbor Statement

Some of the comments made and information contained in this presentation will be forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include projections of revenue, earnings, capital structure, and other financial items; statements on the plans and objectives of the Company and its management; statements of future economic performance and assumptions underlying the statements regarding the Company and its business. These are based on current information and the beliefs and expectations of the Company but are subject to various risks and uncertainties that could cause the Company's actual results to differ materially from the Company's expectations. These 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 EBITDA, adjusted diluted earnings per common share, return on invested capital ("ROIC") 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.



Agenda

1

Welcome

2

**Leadership
Key Messages**

3

**Initiative
Showcase**

4

**Panel
Discussion**

5

**Financial
Outlook**

6

Q&A

7

Closing

8

**Lunch
w/ Management**



We Are GPC

Paul Donahue

Chairman & CEO



Key Objectives for the Day

1

Understand
Our Culture
and How We
Drive **Value**

2

Showcase
Our **Strategy**
and
Initiatives

3

Highlight Our
Talented
Management
Team

4

Share Our
3-Year
Financial
Targets

5

Enhance
Confidence in
GPC as a
Differentiated
Investment

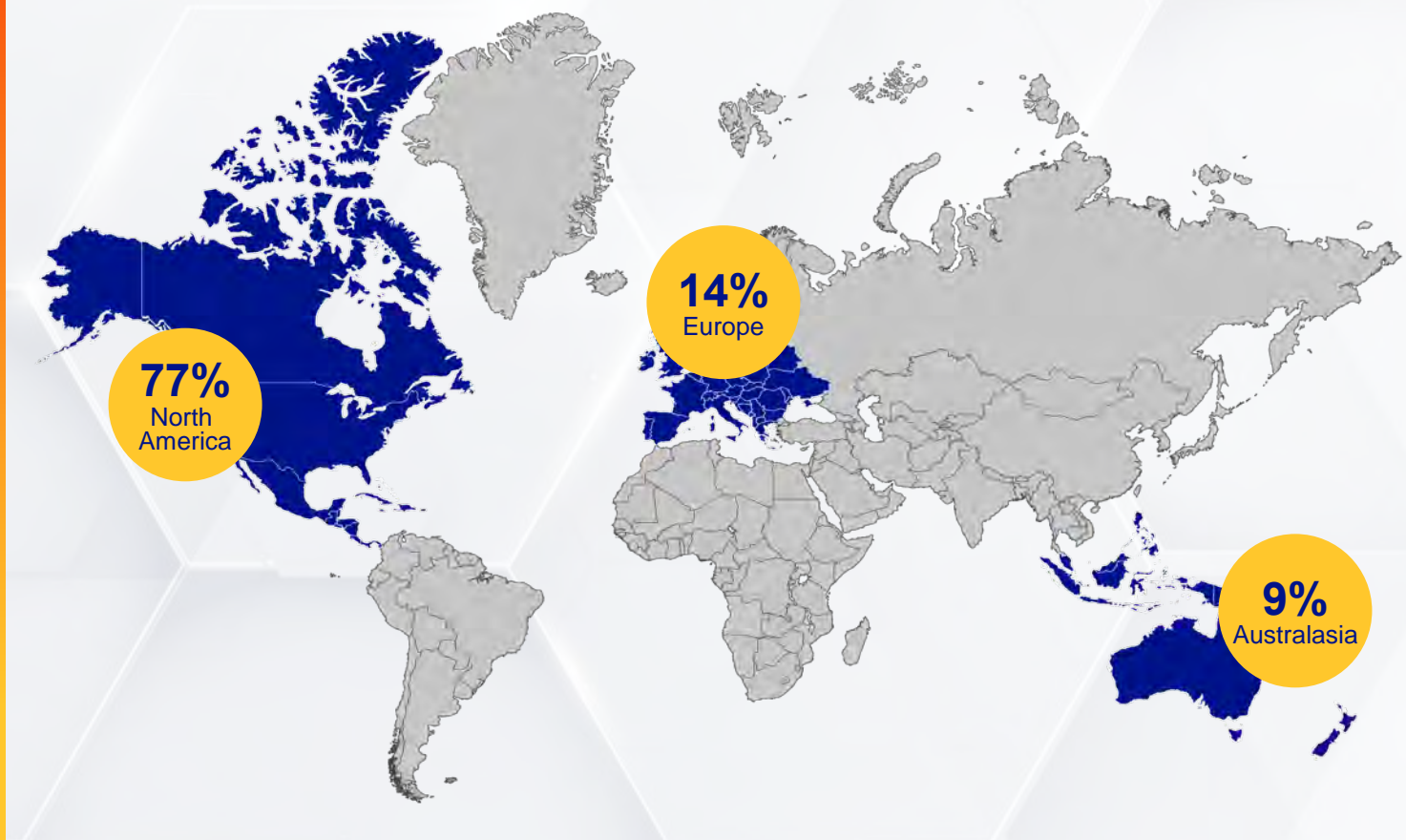


GPC Snapshot

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

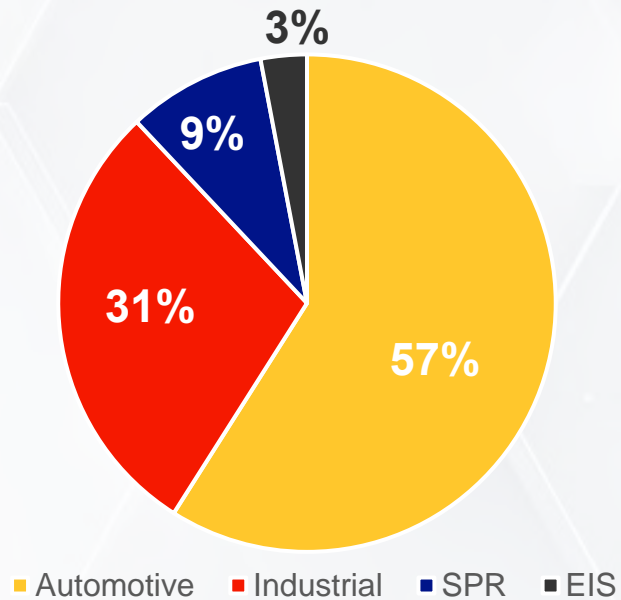
Leading global distributor
in diversified end markets

Global Footprint
2022 Revenue by Region
\$22.1B



Significant Transformation of Portfolio Since 2019

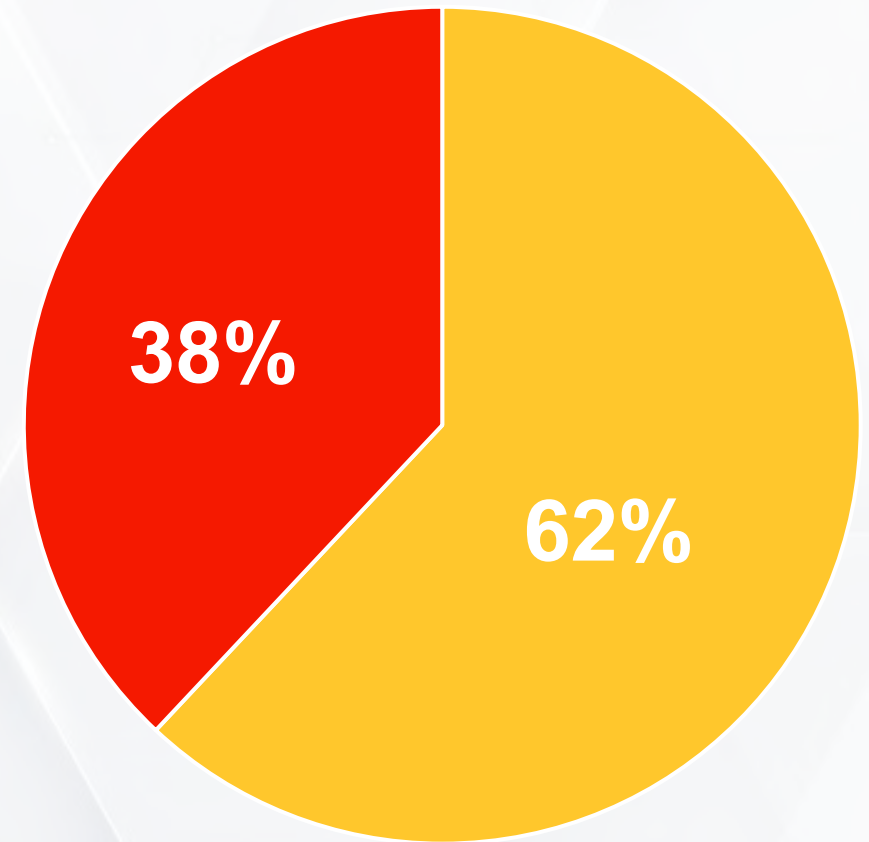
2019



Progress since 2019

- Established transformation office
- Divested EIS and SPR
- ~\$150M cost reduction
- Recruited new talent
- Established global investment pillars
- Acquisition of KDG
- Continued effective M&A strategy

2022



***Better Positioned for Future Growth
With a Streamlined Portfolio***

2019-2022 Growth Drove Superior Returns

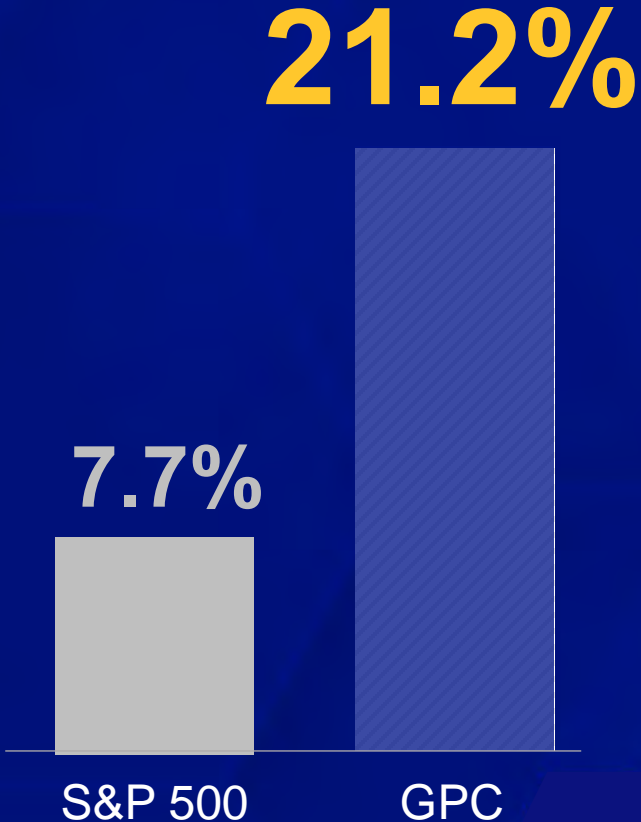
Total Sales CAGR



Adj. EPS* CAGR



3-Yr Total Shareholder Return



* Non-GAAP financial measure, see appendix for more information

Together, Our Business Mix Creates Value

Each are value-added, service-oriented distribution businesses

Commercial and talent best practice sharing given similar strategic initiatives

Numerous shared vendor relationships globally and across industries

End market and cash flow dynamics are complementary through cycle

Cost efficiencies driven by scale advantages

Operating advantage based on business diversification

Technology, freight, indirect costs

Differentiated model given complementary business mix



Our Market-Leading Global Automotive Business

Largest network of parts and care



~9,600

Stores



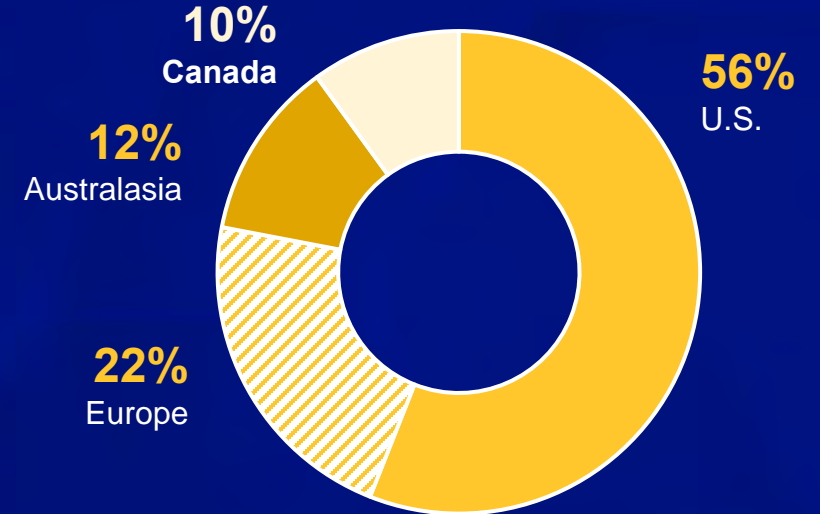
~30,000

Global Repair Center
Customer Partnerships



Diversification of Business

Sales by Region



~80%

DIFM

~20%

DIY



~85%

of NA Sales are
NAPA-Branded Products

Strong Results (2019 to 2022)*

Sales CAGR of

7.6%

110bps

Segment Margin
Improvement

* Excludes impact of divestitures

Our Market-Leading Industrial Business



Leading industrial parts distributor and solutions provider in North America and Australasia...meeting needs for industrial manufacturing applications and processes

Growing Services/Solutions Offering:

- ✓ Automation
- ✓ Conveyance
- ✓ Fluid Power
- ✓ Repair



~800

Branches and Service Centers



Access to

19M+ Parts



~15

Diverse portfolio of end markets and customers

Strong Results (2019 to 2022)*

Sales CAGR of

12.4%

~240bps

Segment Margin Improvement

* Excludes impact of divestitures

The Power of One GPC



Operating strategy that ...



Leverages **shared values** and **teamwork** to ...



Capture **opportunities** uniquely available to GPC ...



Based on its **global business mix and scale** that ...



Translate into **differentiated performance** and **shareholder value**

One GPC Team working together to create customer success and shareholder value

Building a Sustainable Future



The New GPC Team



Paul Donahue
Chairman & CEO



Will Stengel
President & COO



Bert Nappier
EVP & CFO



Naveen Krishna
EVP & CIDO



Franck Baduel
*CEO, European
Automotive*



Randy Breaux
*President,
North American
Industrial*



Rob Cameron
*Managing Director
and Group CEO,
Australasia*



Kevin Herron
*President,
U.S. Automotive*



Alain Masse
*President, Canadian
Automotive*

One GPC Team working together to create customer success and shareholder value



Supportive Board of Directors With Diverse Expertise and Experience

Board Composition

85%	31%	46%	9.5 Years
Independent Directors	Women	Diverse ¹	Average Tenure

Expertise and Experience

CEO / Leadership Position 85%

Government / Regulatory 54%

Finance and Accounting 46%

Automotive 31%

International 31%

Distribution / Supply Chain 31%

Legal 31%



Left to right: Gary P. Fayard, Jean-Jacques Lafont, Robert C. “Robin” Loudermilk, Jr., John D. Johns, Juliette W. Pryor, Richard Cox, Jr., Elizabeth W. “Betsy” Camp, Wendy B. Needham, Paul D. Donahue, John R. Holder, E. Jenner Wood III, P. Russell Hardin, Donna W. Hyland

¹ Gender, race, ethnicity and/or nationality

GPC as Investment of Choice



Talented team
with deep
expertise to drive
value



Size and scale
across diverse
industries and
geographies to
serve our
customers



Leading positions
in large and
fragmented
automotive and
industrial markets



Clear strategic
plan underpinned
by M&A for
robust growth



Continued
delivery of strong
financial results
through cycles

Strategic Investments

Will Stengel

*President &
Chief Operating Officer*





Our Purpose: We Keep the World **MOVING**

Our Mission

BE THE
Employer of Choice

BE THE
Supplier of Choice

BE A
Valued Customer

BE A
Good Corporate Citizen

BE THE
Investment of Choice

Our Vision

Be the leading global automotive and industrial parts distributor and solutions provider.

Our Values

Serve

Perform

Influence

Respect

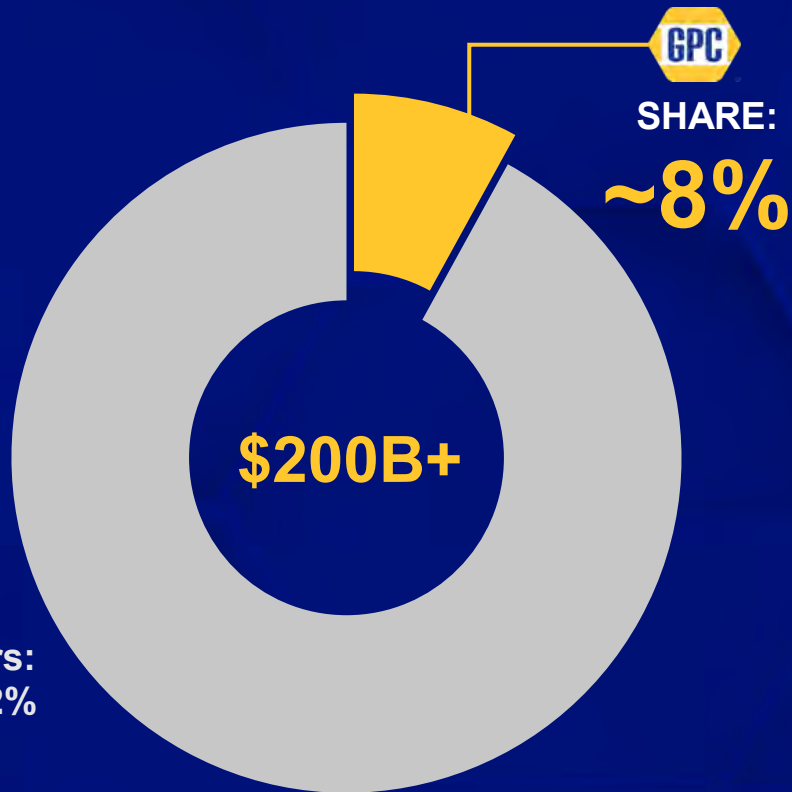
Innovate

Team

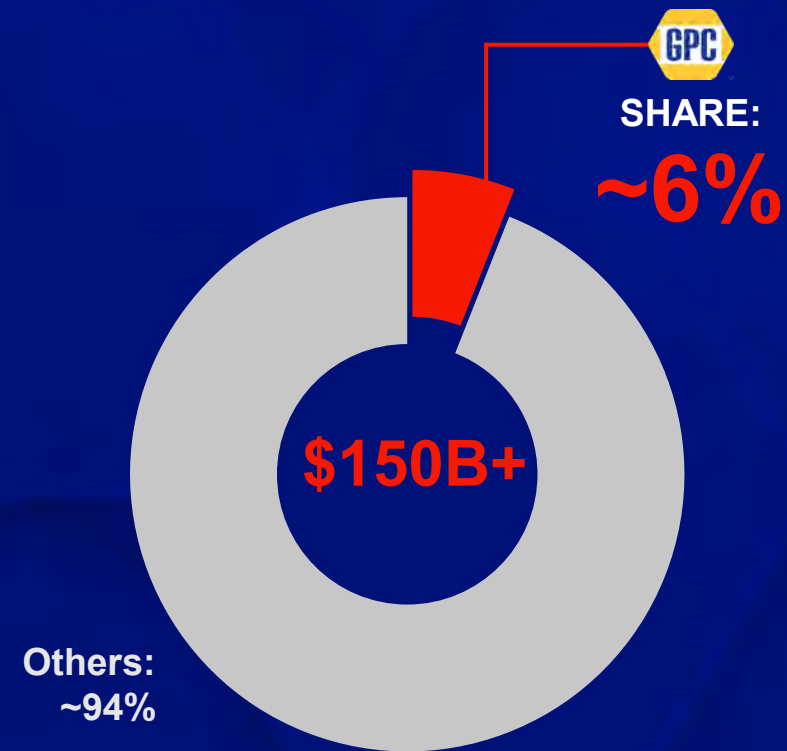
Large, Fragmented Growth Markets

Total Addressable Market Opportunity

Automotive



Industrial



Diversified and Complementary Markets

Automotive

- ✓ Positive long-term growth outlook for miles driven
- ✓ Growing and aging of car parc
- ✓ Complexity of vehicles increasing, driving more DIFM
- ✓ EV to create opportunity; will take time to materially impact the aftermarket industry

Industrial

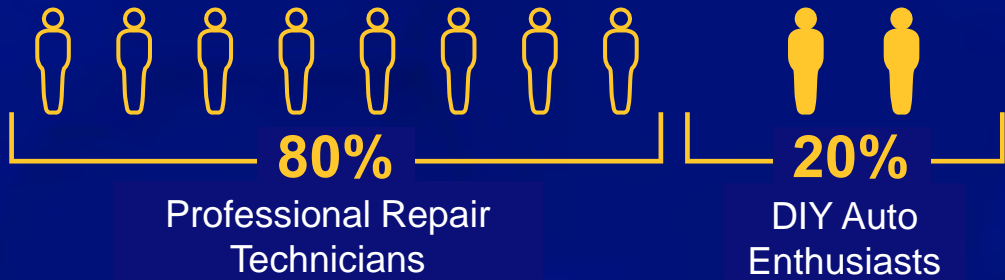
- ✓ Nearshoring given disruptions in global supply chain
- ✓ Strong outlook for automation and robotics solutions
- ✓ Need for industrial expertise given aging technical workforce
- ✓ Diversified industrial end market opportunities, e.g. EV and batteries

Long-term industry fundamentals are attractive



Established and Diverse Customer Relationships

Automotive



1.5M

Customer Locations

10

Customer Types, examples include:
Installers | Fleet | Government | Major Accounts

Solutions to increase operational productivity:



Daily Product Availability



Delivery Speed



Part Quality

Industrial



0.9M

Customer Locations

15

Customer Types, examples include:
Equipment & Machinery | Food Products | Iron & Steel |
Pulp & Paper | Automotive

Solutions and technical expertise:



Limited Downtime



Reduce Total Cost of Ownership



Industry-Leading and Iconic Brands



**90% of U.S. Consumers
are Aware of NAPA**



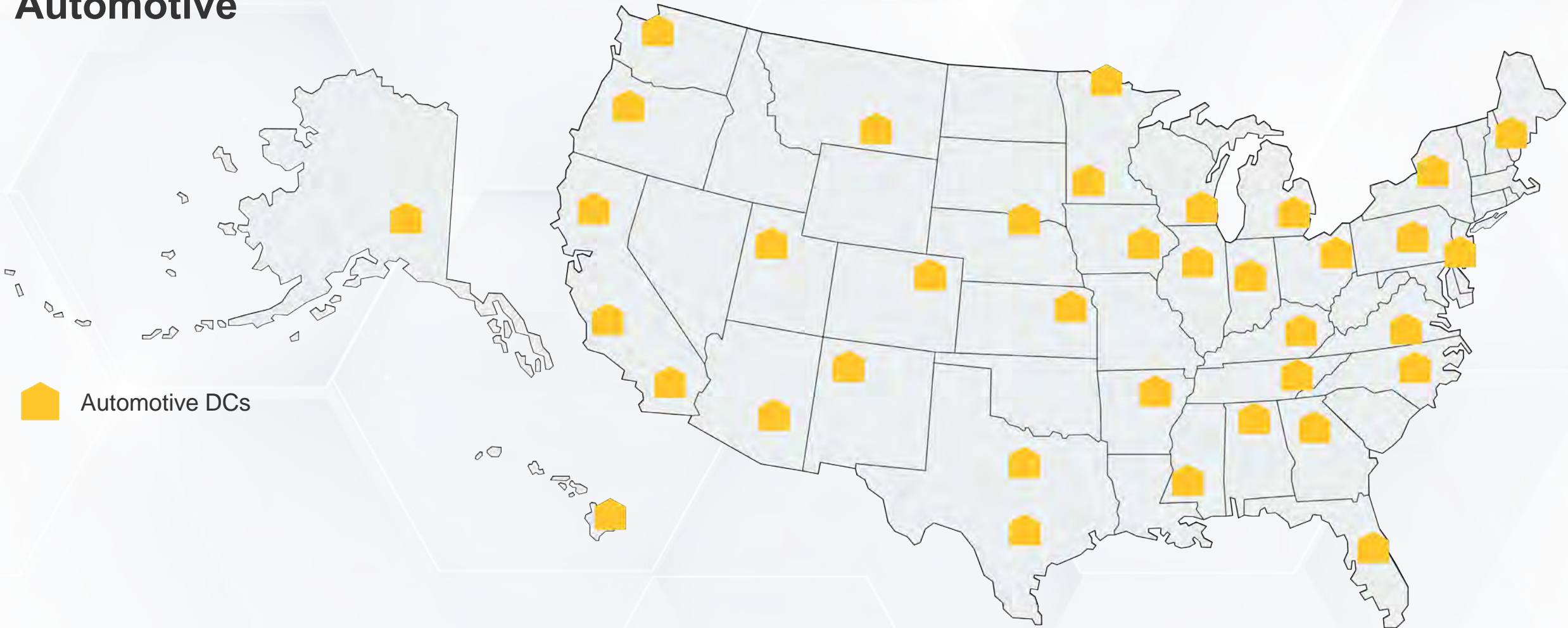
**Ranked #2 on Industrial
Distribution List in 2022**



**90% and 97% Awareness With
Retail and Commercial Customers,
Respectively, in Australia**

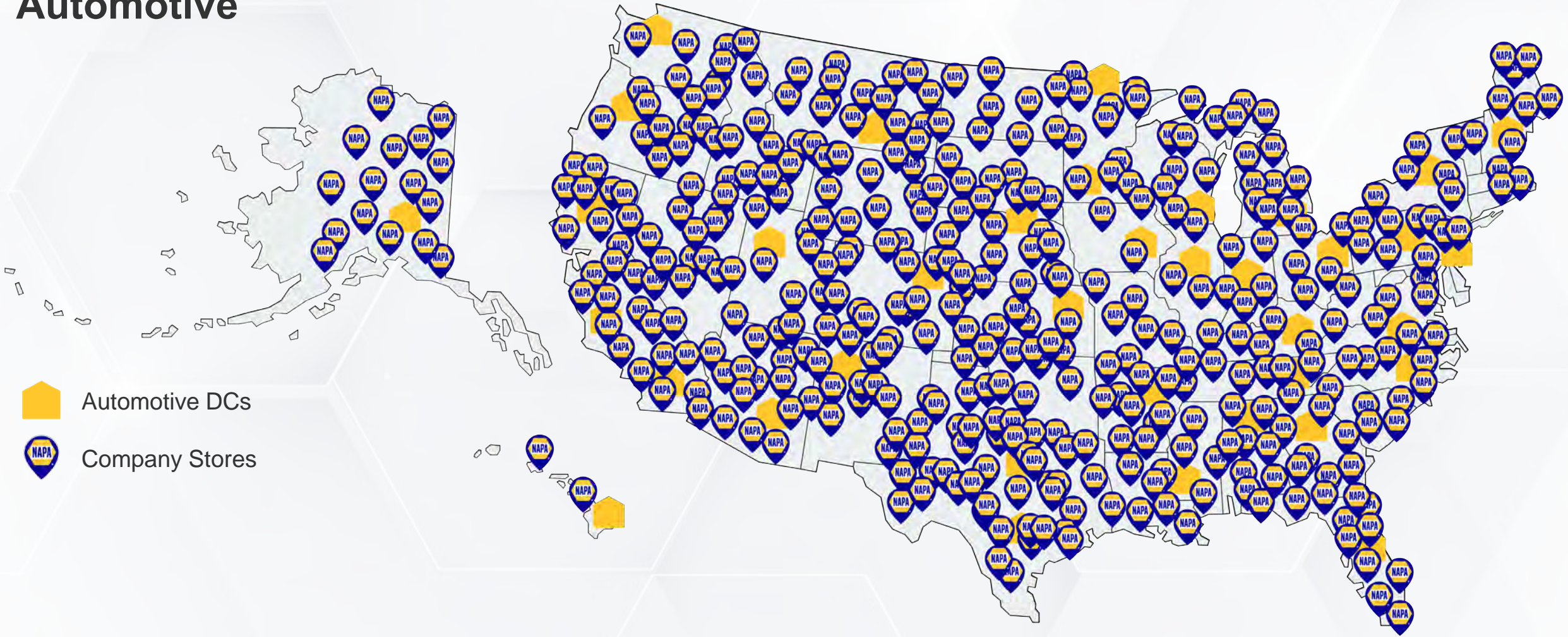
Scaled Network With Local Service Coverage

Automotive



Scaled Network With Local Service Coverage

Automotive



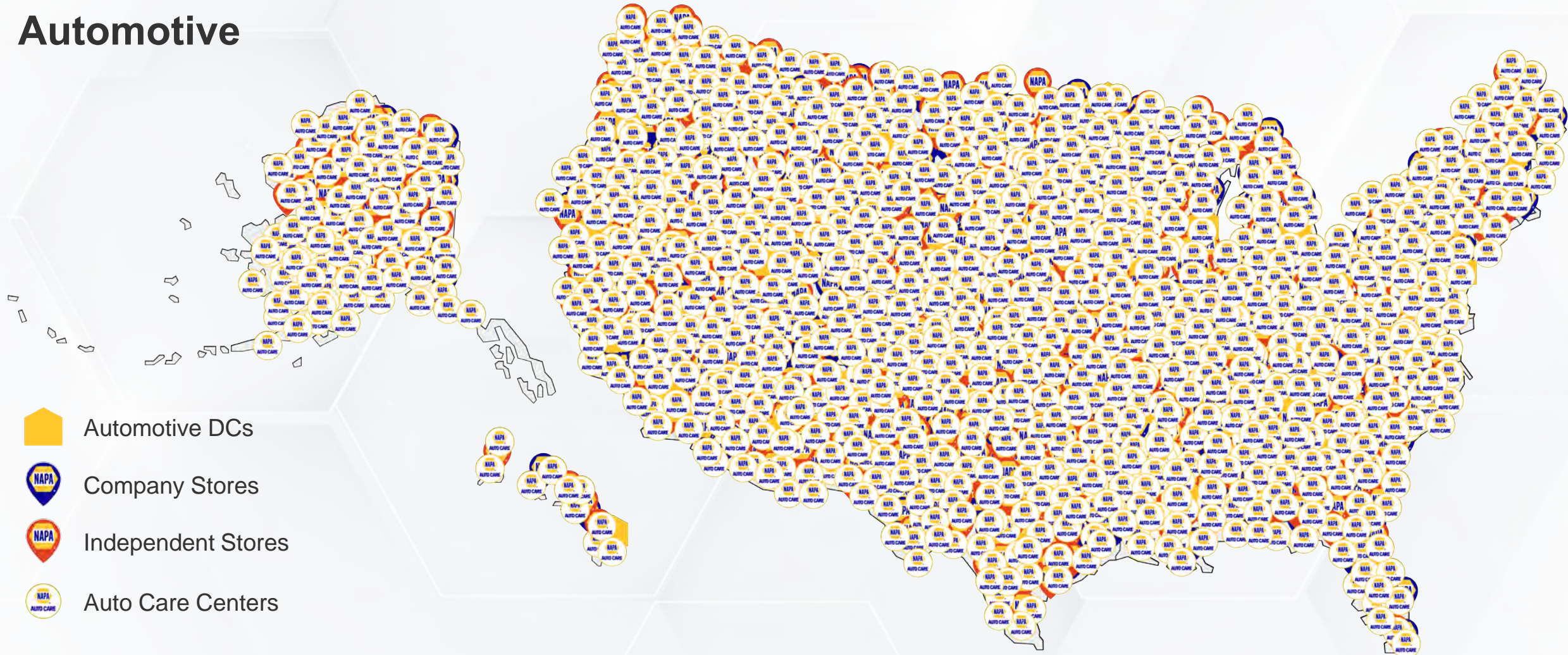
Scaled Network With Local Service Coverage

Automotive



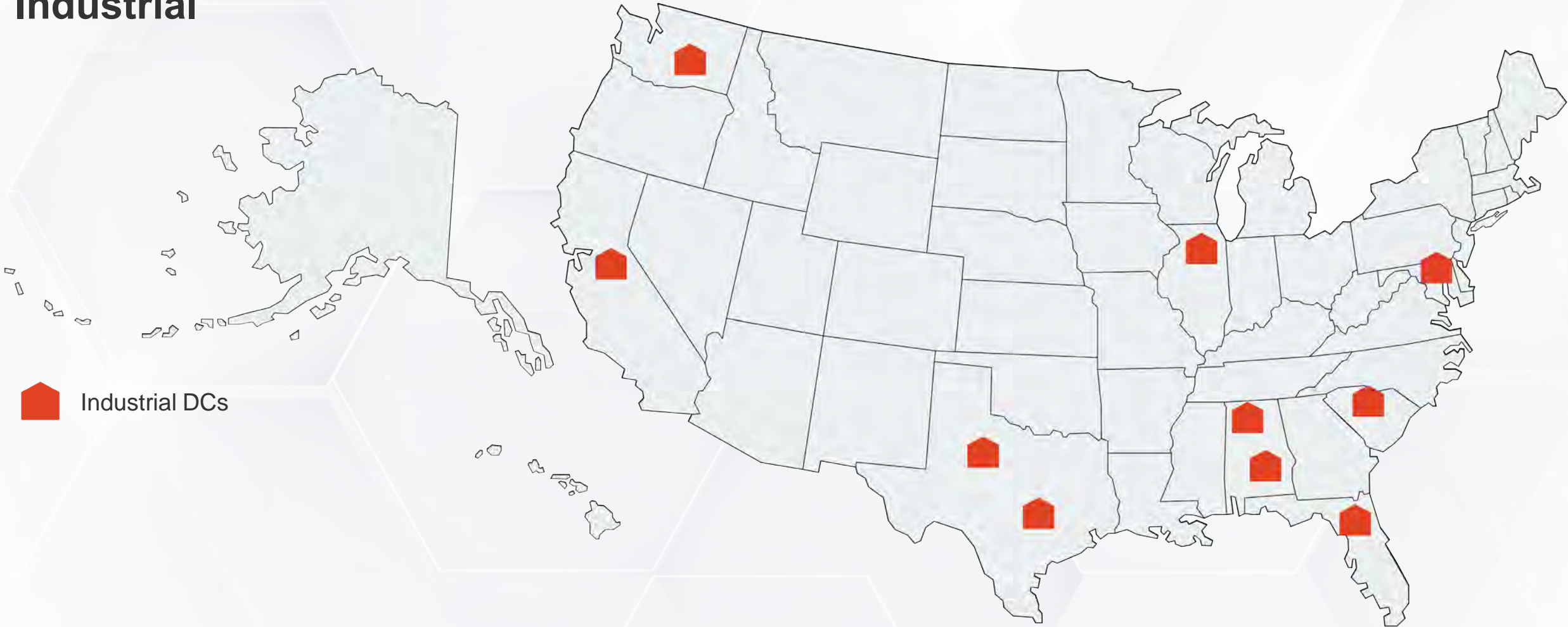
Scaled Network With Local Service Coverage

Automotive



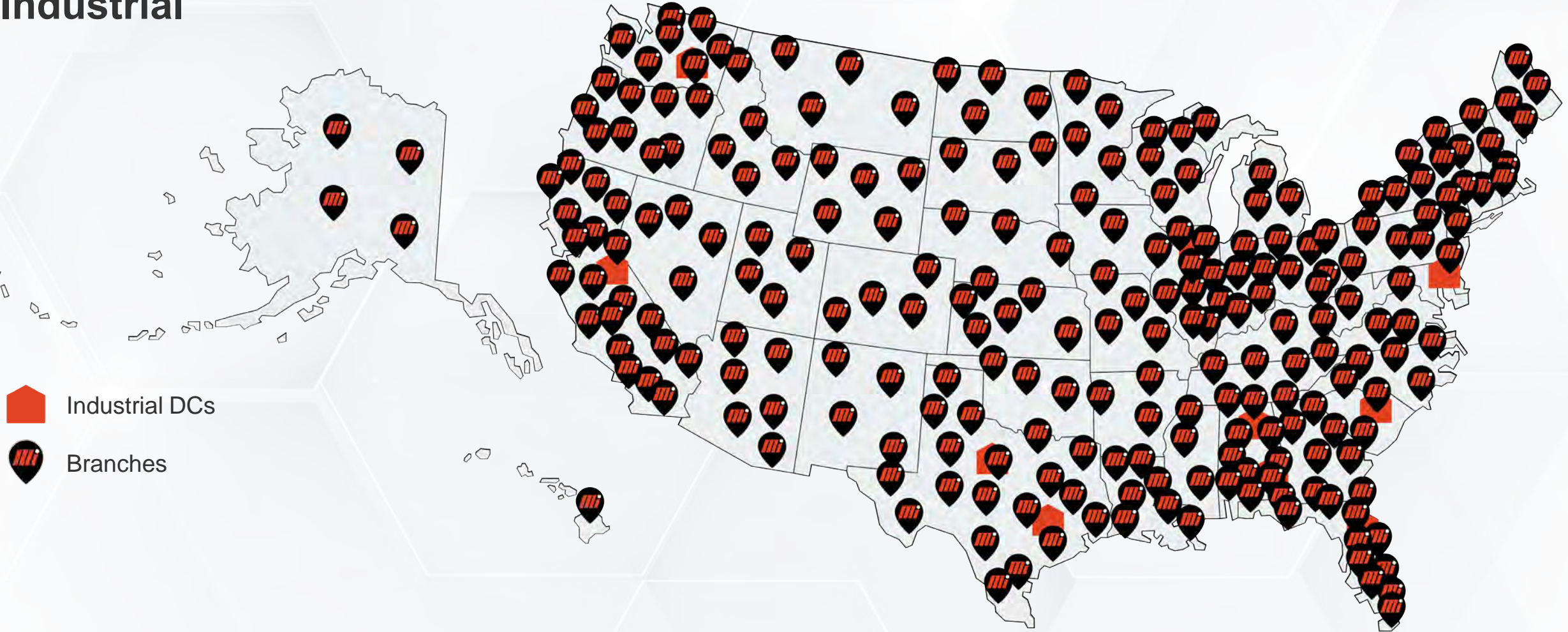
Scaled Network With Local Service Coverage

Industrial



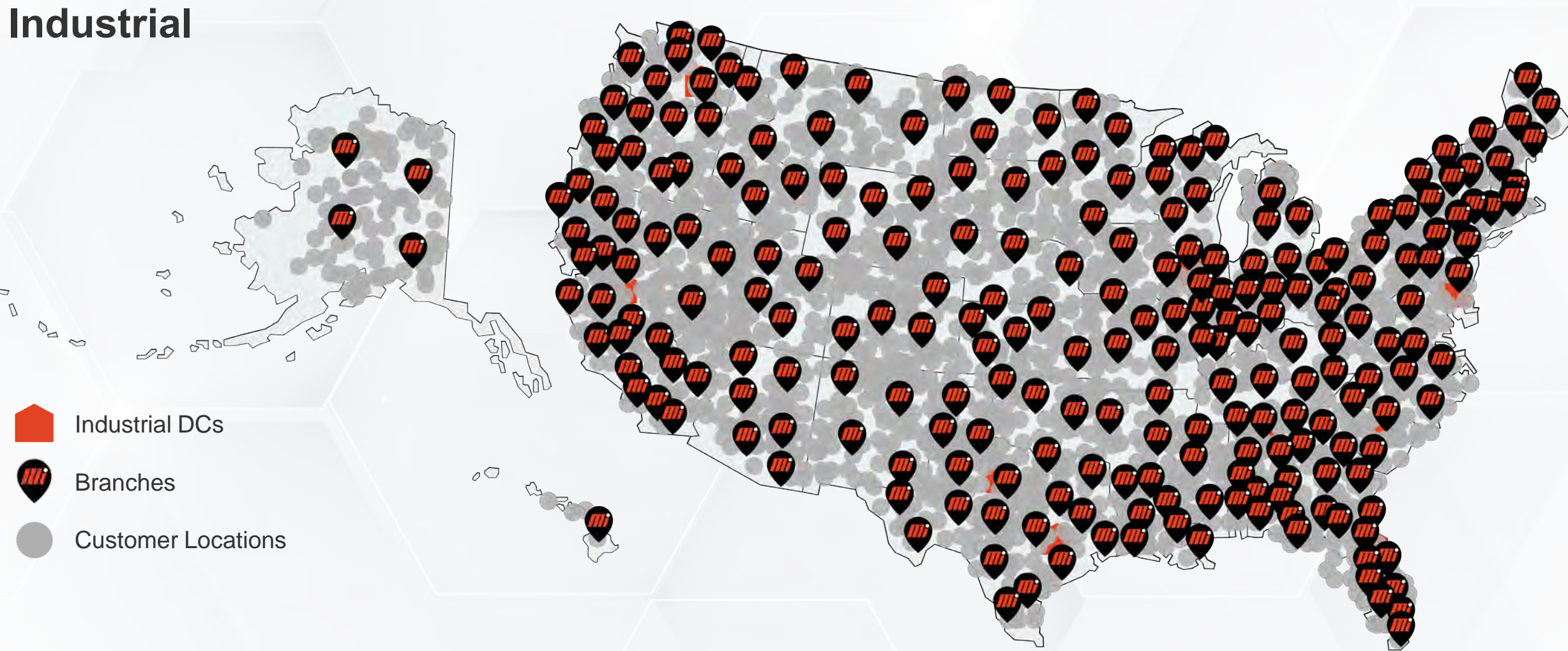
Scaled Network With Local Service Coverage

Industrial



Scaled Network With Local Service Coverage

Industrial



GPC Operating Principles

How We Play

One GPC Team working together to create customer success and stakeholder value

Where We Play

Earn strategic leadership positions in industries, geographies, customers and suppliers with opportunities to profitably grow

How We Win

Invest and differentiate in Talent & Culture, Sales Effectiveness, Technology, Supply Chain, Emerging Technology and Mergers & Acquisitions

How We Measure Success

Deliver profitable growth in excess of market, operating leverage, free cash flow and ROIC through the cycle



How We Win

Foundational Priorities for Strategic Investments



Talent & Culture

Develop high potential talent and infuse capabilities into the organization to build diverse, high-performing teams



Sales Effectiveness

Utilize data and analytics to understand our customer segments and drive solution-based sales and commercial strategies



Technology

Enhance data and digital capabilities to deliver a best-in-class customer experience, profitable growth and operational productivity



Supply Chain

Modernize operations to increase productivity and efficiency across inventory, facilities and logistics capabilities



Emerging Technology

Lead in emerging technologies and leverage our unique positioning, global scale and One GPC team approach

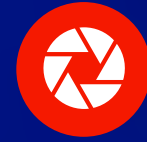


Mergers & Acquisitions

Acquire strategic assets and create value via scale, footprint, customer relationships, products and services and technology



Customer Solutions: Automotive



Deliver **innovative programs** through the world's largest network of automotive workshops

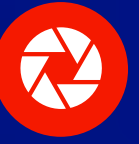
Offer **differentiated technology** to our workshop partners

Provide **extensive, technical training** for automotive technicians





Customer Solutions: **Industrial**



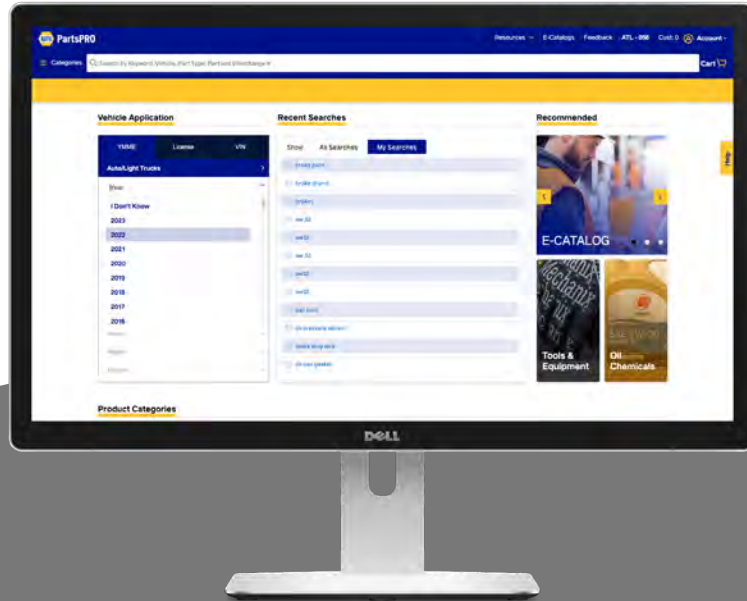
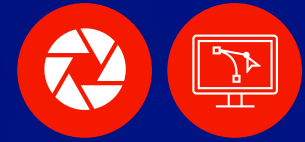
Specialize in automation, robotics, conveyance and fluid power technologies

Offer **full-value solutions** to our customers

Help industrial manufacturers **optimize their operations**



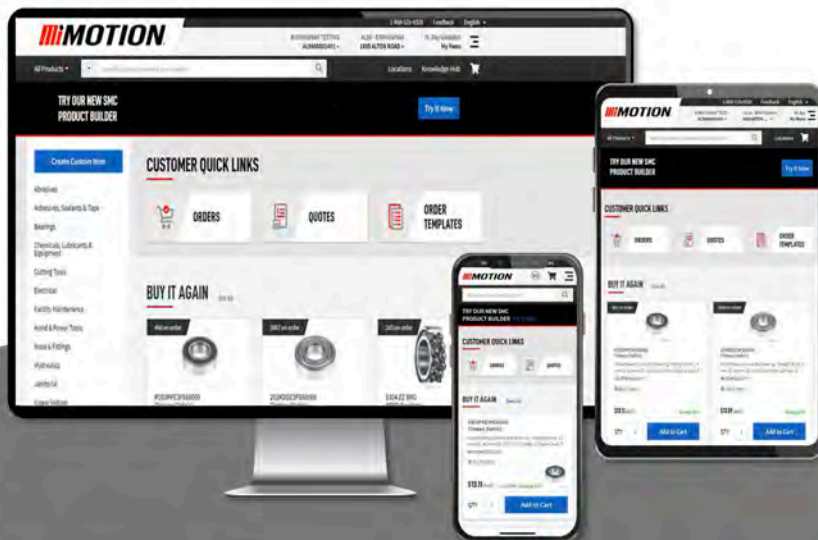
Digital



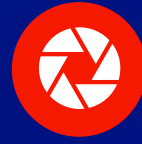
Integrate the customer experience in a **unique solutions ecosystem**

Map the customer journey to craft **omni-channel experiences**

Utilize **digital capabilities and unmatched global networks** as a competitive advantage



Pricing



Utilize a **targeted approach to pricing** to align with our customers' needs and behaviors

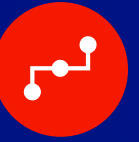
Optimize **customer-specific pricing** with increased visibility into service levels and cost-to-serve

Build the **capabilities and talent of our global pricing teams**





Supply Chain



Consolidate facilities across our operations to improve supply chain effectiveness

Automate facilities by investing in technology to increase capacity, productivity and efficiency

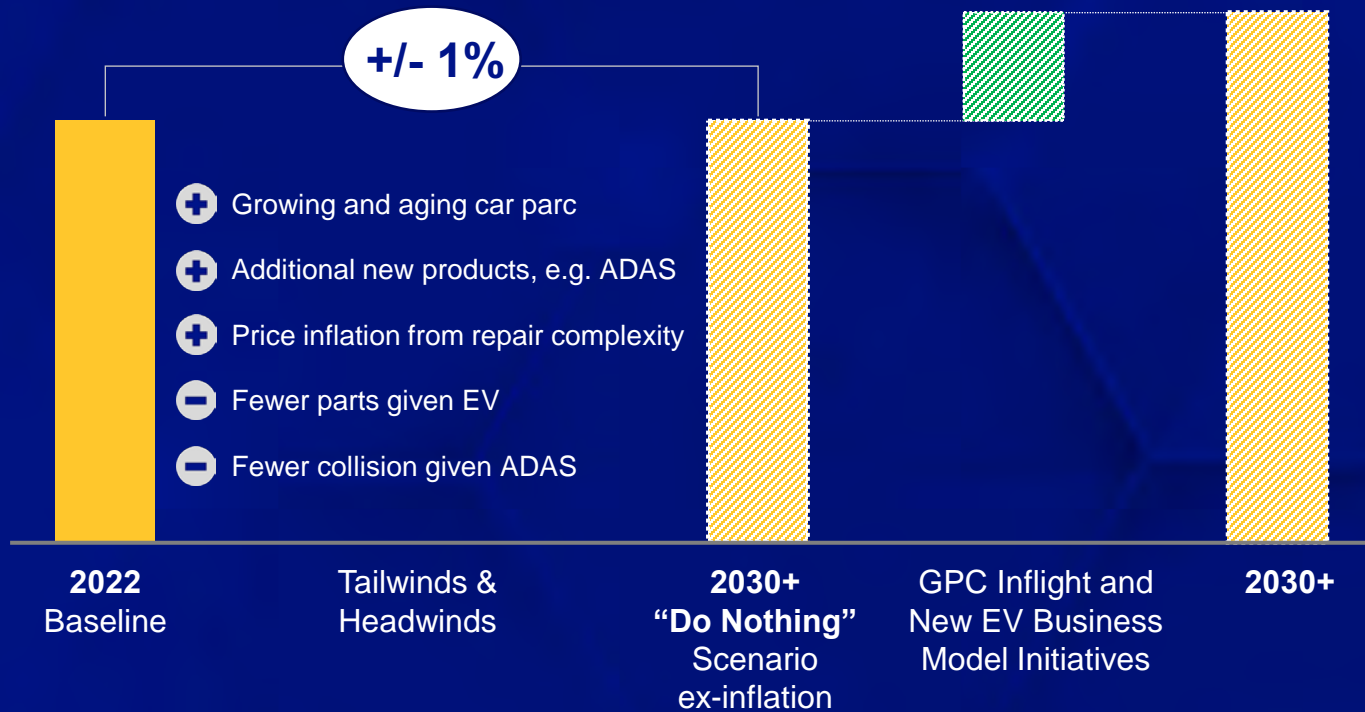
Optimize supply chain by fully integrating our supplier, distribution, transportation and store networks



EV Market Assessment: A Global Evolution Over Time



Estimated Market Impact From EV



EV % car parc

	2022		2030
Europe	2%	→	16%
Canada	1%	→	13%
U.S.	1%	→	8%

Partnered with leading global consultant to assess EV impact on automotive aftermarket

Source: IHS data, GPC analysis, leading global consultant



Emerging Technology



Build a **global EV network** offering the tools and training techs need to service EVs

Roll out NexDrive, powered by NAPA, the network of **qualified workshops for next generation of cars**

Serve customers with the **right parts, equipment and marketing expertise**



Mergers & Acquisitions



Extend strategic leadership positions in large, fragmented markets

Create value and leverage scale, relationships, products and technology

Execute bolt-on transactions with select strategic acquisitions

- Repco (2013), AAG (2018), KDG (2022)

GPC M&A Execution



Acquire strategic assets to extend market-leading positions and enhance product and service offerings across both automotive and industrial markets

\$270M

Average Bolt-On Capital
Deployed per Year (2015 – 2022)

Centralized Investment Committee...

Drive Strategic and Disciplined
Capital Allocation and Post-Close
Performance Tracking

Acquisition Evaluation Screen:



Culture

Talent, Value Alignment



Strategic

Strategy Alignment, Value Creation Potential



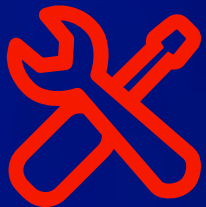
Financial

Intrinsic Value, Margin % Accretion, Year 3 ROIC



Operational

Systems, Compliance, Integration Costs



125

Active Discussions
Across Global
Pipeline at Any Given
Time

Compelling Value Creation Economics...

Create value via scale, footprint, customer relationships, products and services and technology

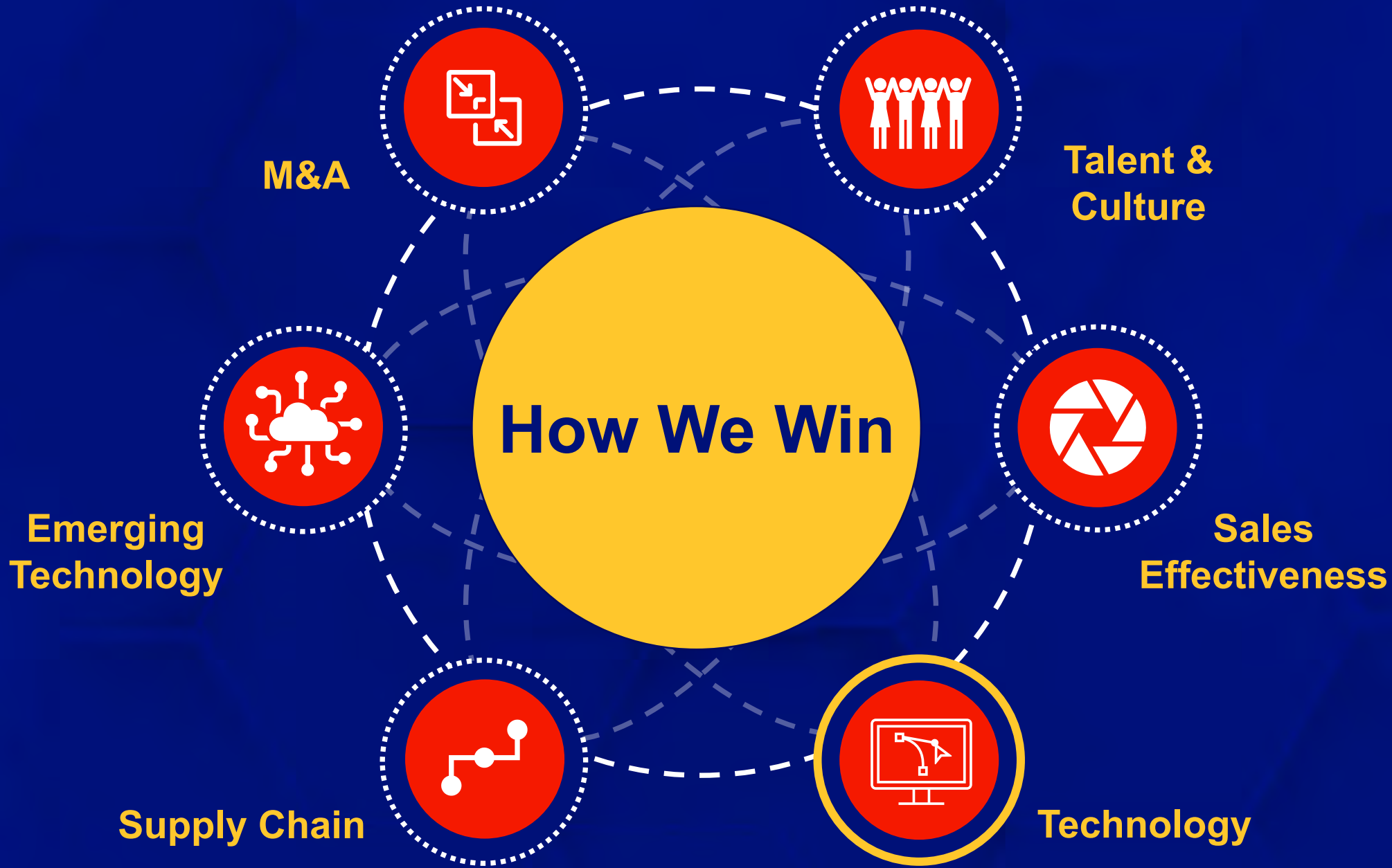
Average Bolt-On Multiple

MSD

2x – 3x

Avg. Purchase Price Multiple
Improvement by Year 3





Technology

Naveen Krishna

*Executive Vice President &
Chief Information & Digital Officer*



Role of Technology

- Digital Efficiencies
- Simplify & Automate Operations

- Utilitarian
- Limited Innovation

- Service Delivery Efficiencies
- Data Driven Innovation



Bring the 'Art of the Possible' to our customers and operations



Transforming the Customer Experience

Frictionless and consistent customer experiences that delight our customers throughout their journey every single time.

Transforming the Customer Experience

~9,600

Stores

1.5M+

Auto Repair & Commercial Locations

Share of Addressable Spend

12-15%

Automotive

25%+

Industrial

Table Stakes

- Product Assortment
- Supplier Partnerships
- Pricing
- Inventory
- Distribution Network
- Execution Discipline



Transforming the Customer Experience



**Strengthen
Foundations**



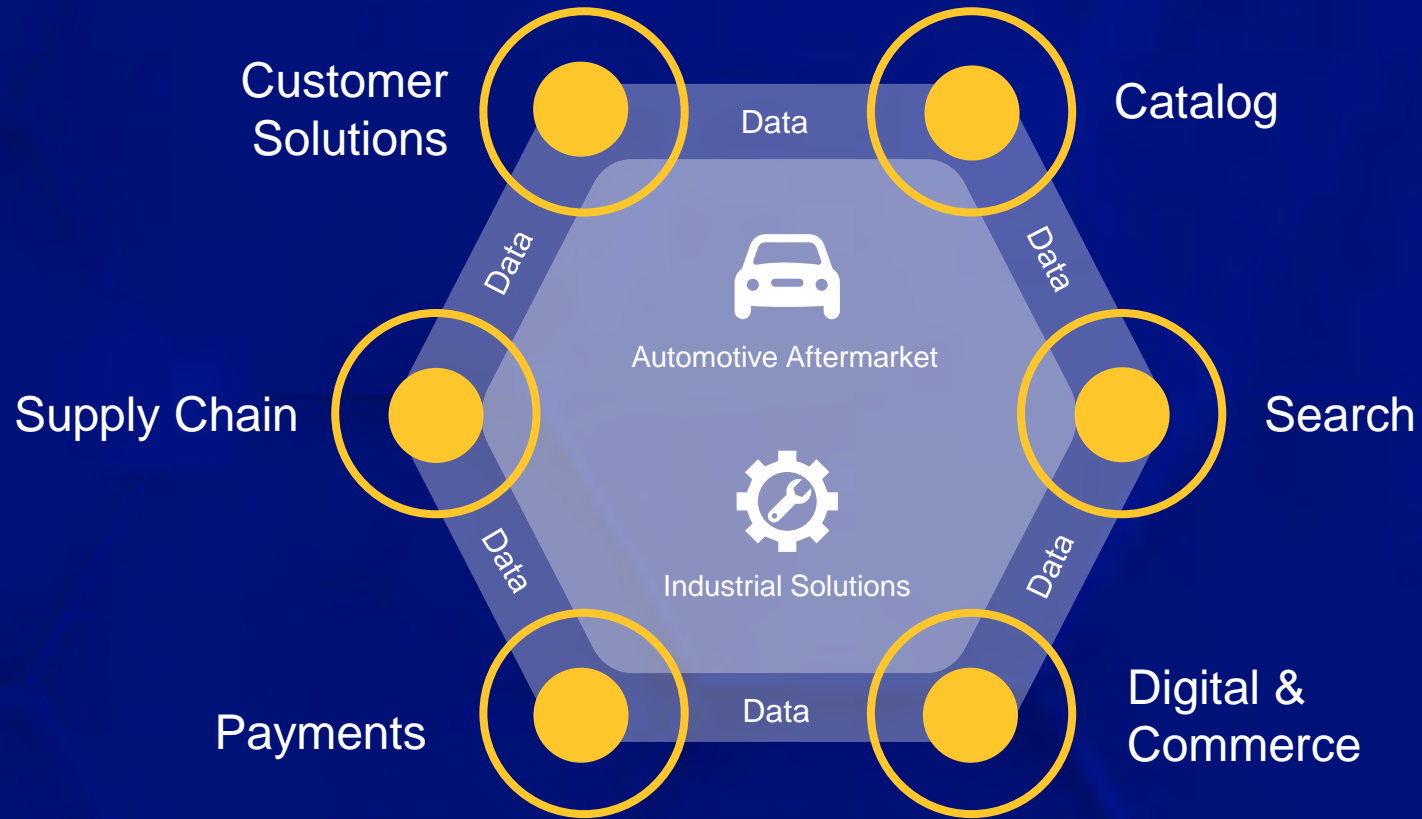
**Drive Recurring
Growth and
Loyalty**



**Modernize
Competitive
Advantage**



Foundational Platforms



Talent

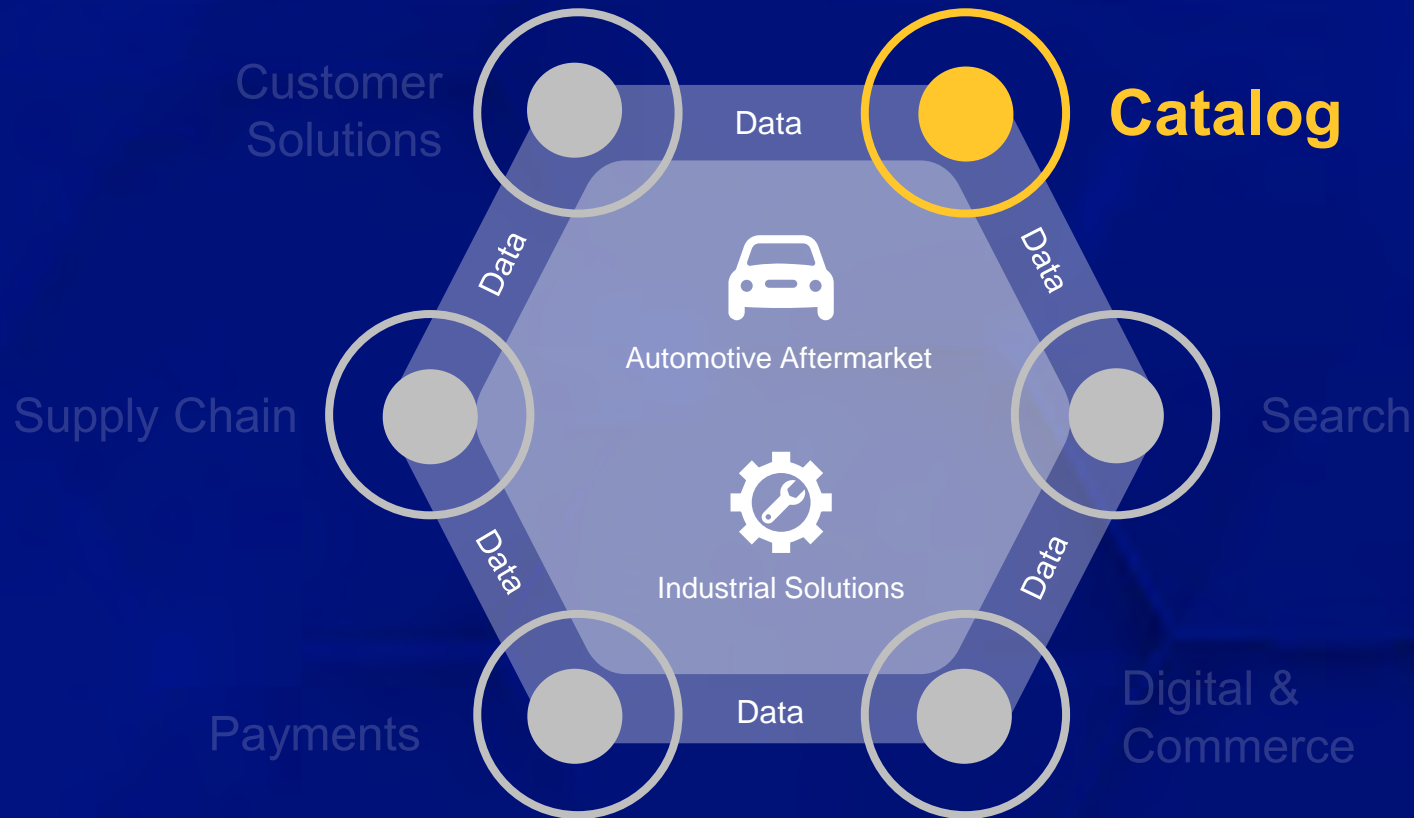


Global
Collaboration



Cloud-first
Mindset

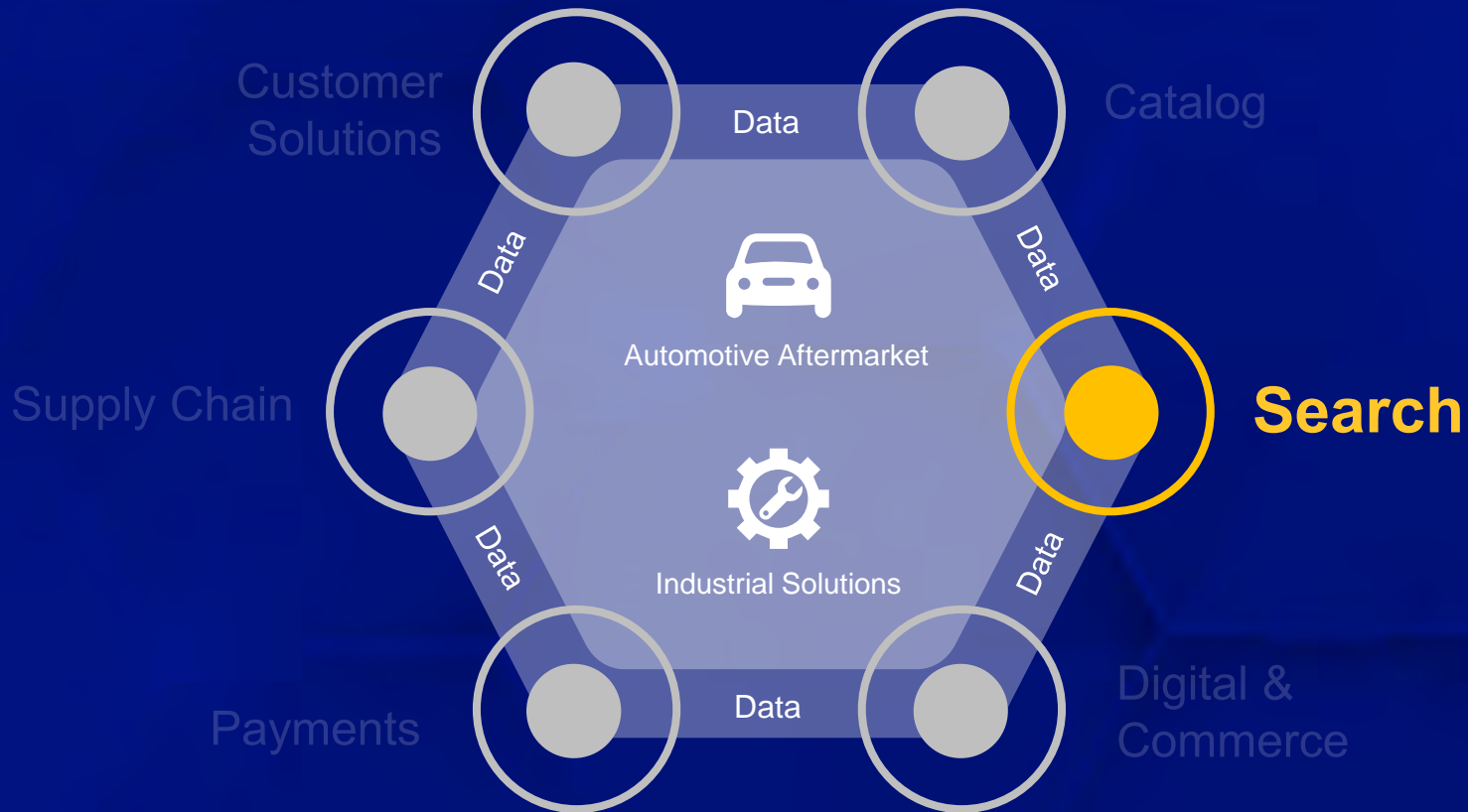
Foundational Platforms



Increased
Efficiencies for
GPC and Supplier
Partners



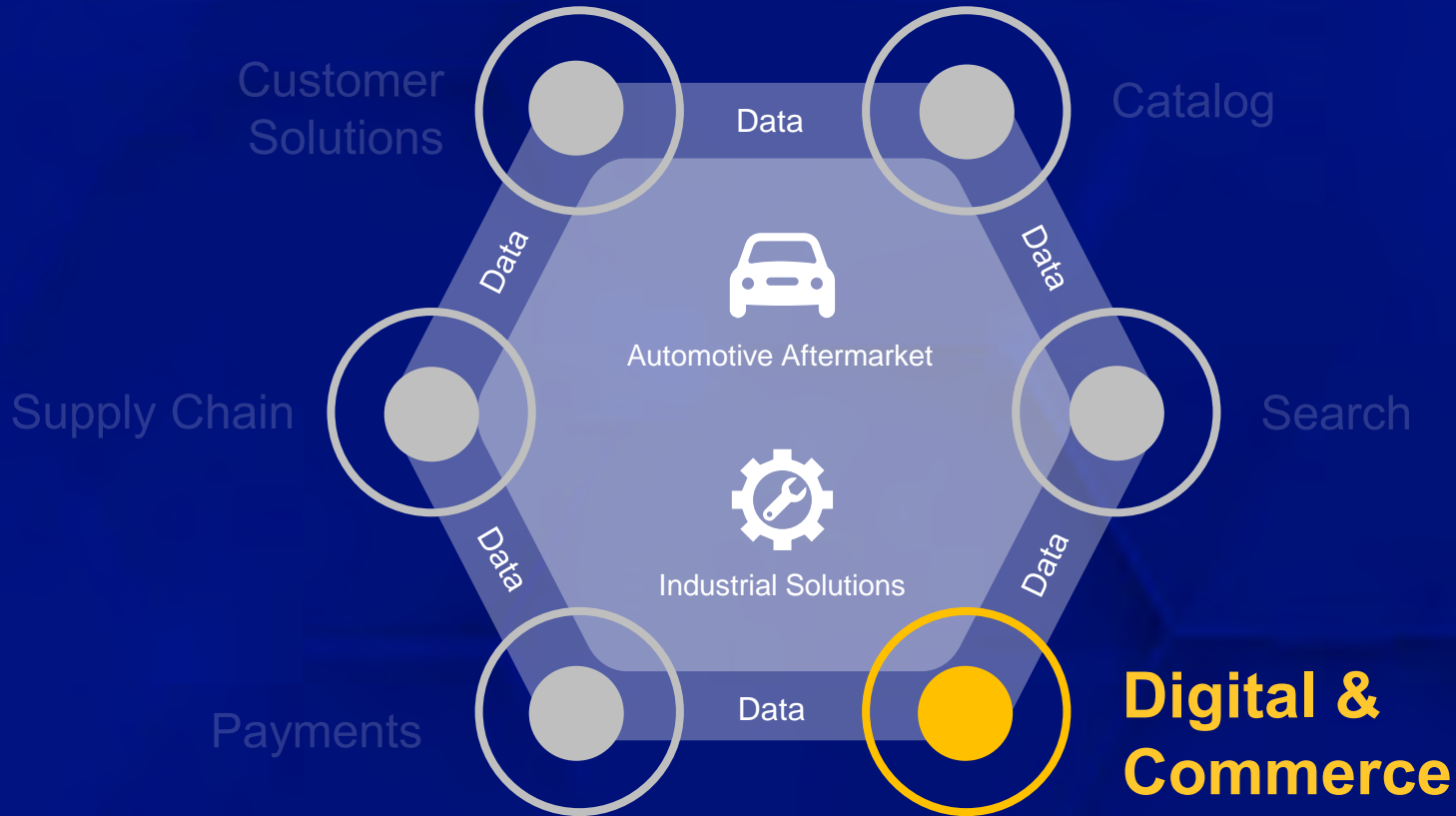
Foundational Platforms



Best-in-Industry
Search With
Google

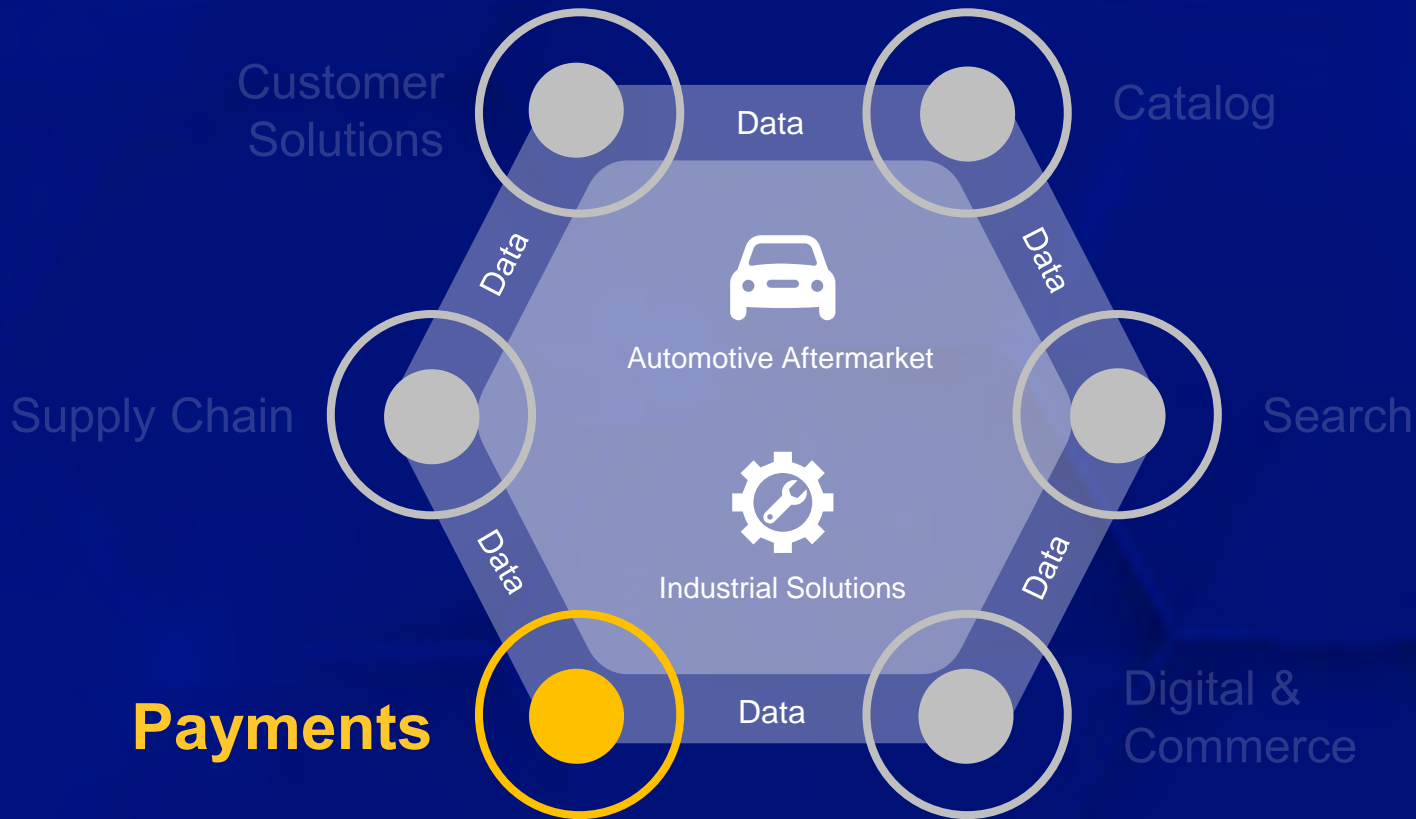


Foundational Platforms



Interconnected
Digital Experience

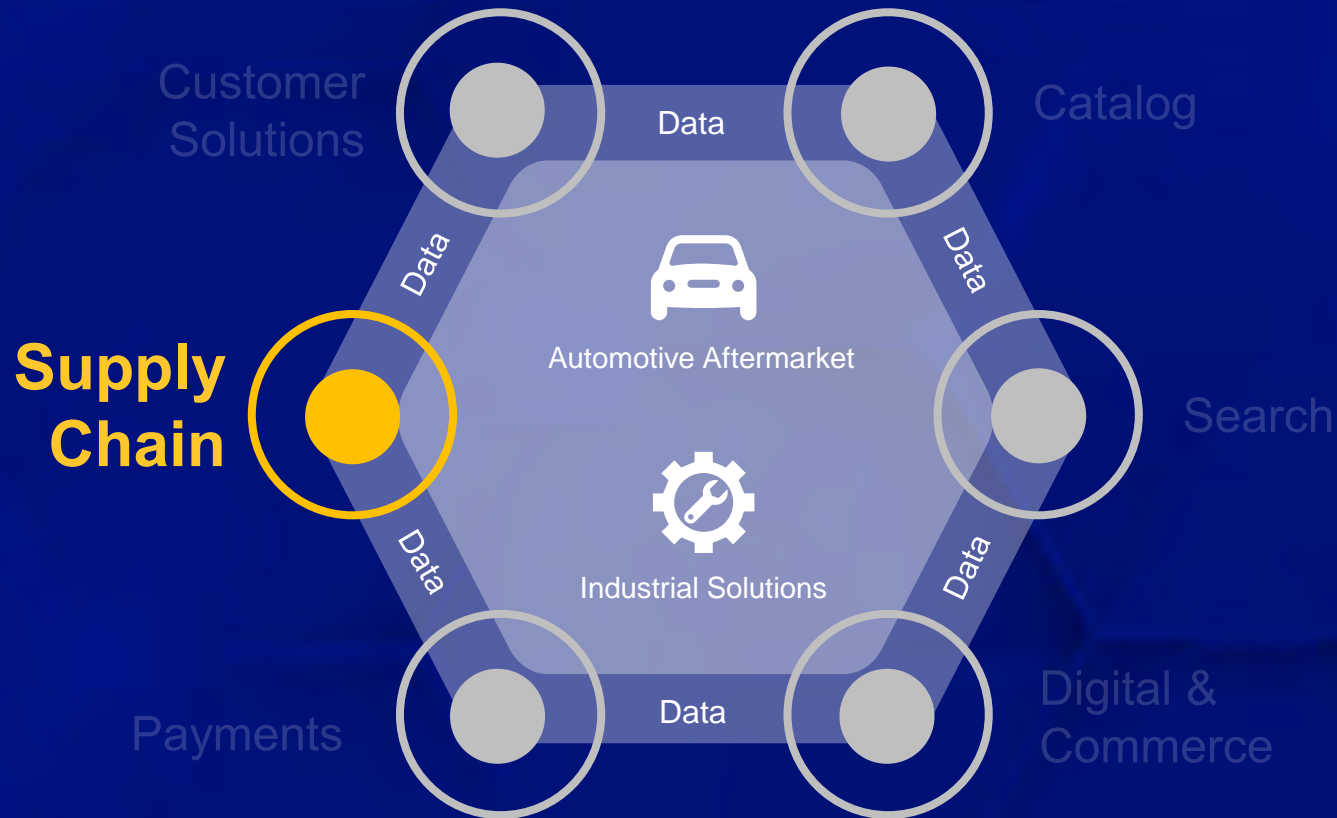
Foundational Platforms



Differentiated
Customer
Experience and
Stickiness



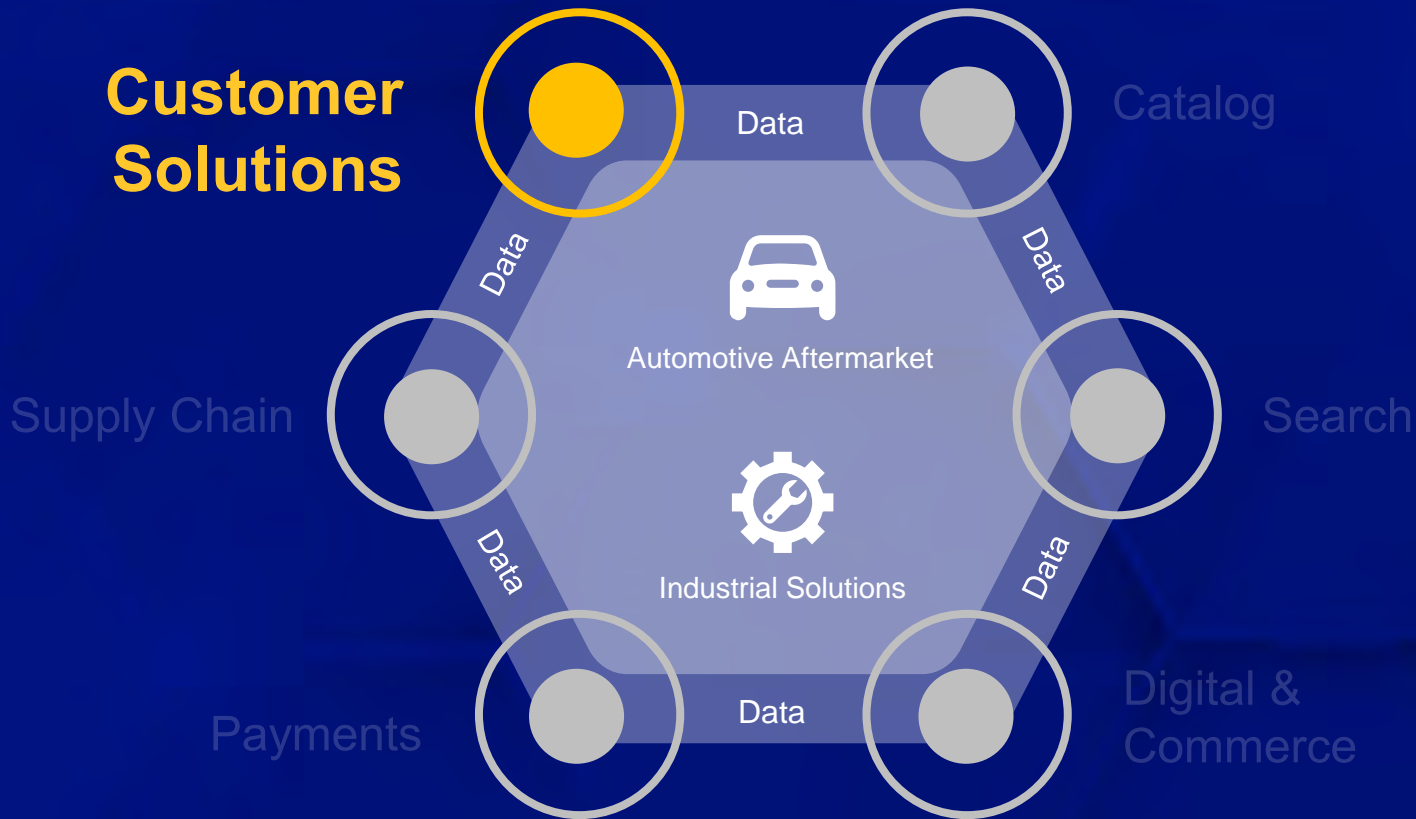
Foundational Platforms



Optimized
Inventory and
Delivery
Efficiency



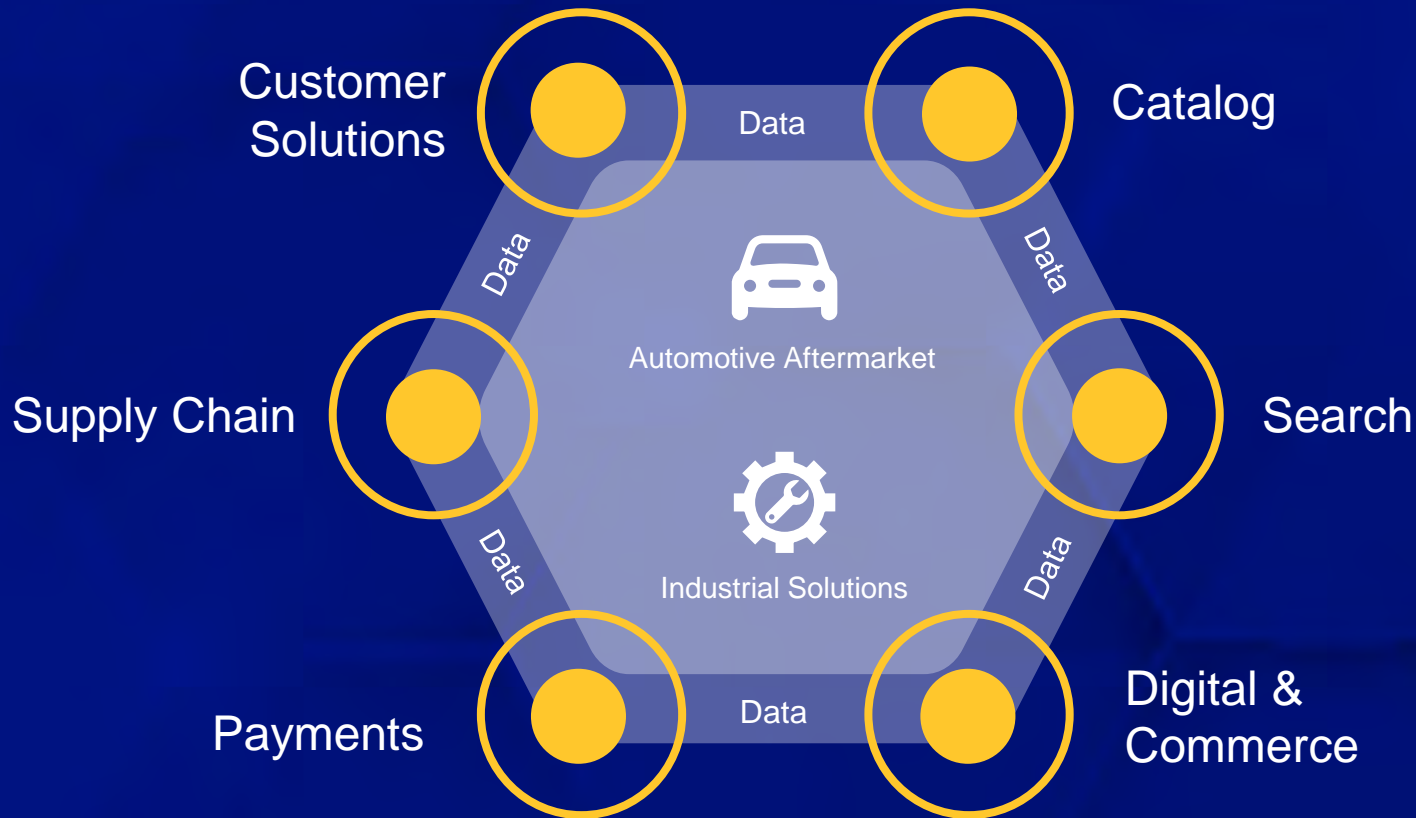
Foundational Platforms



Customer Specific Solutions to Drive Loyalty



Foundational Platforms



Efficiencies for GPC and Supplier Partners

Best-in-Industry Search

Interconnected Digital Experience

Optimized Inventory and Delivery Efficiency

Differentiated Customer Experience and Solutions



Recurring Growth and Loyalty *(Automotive)*



Integrated Parts
and Repair
Platforms



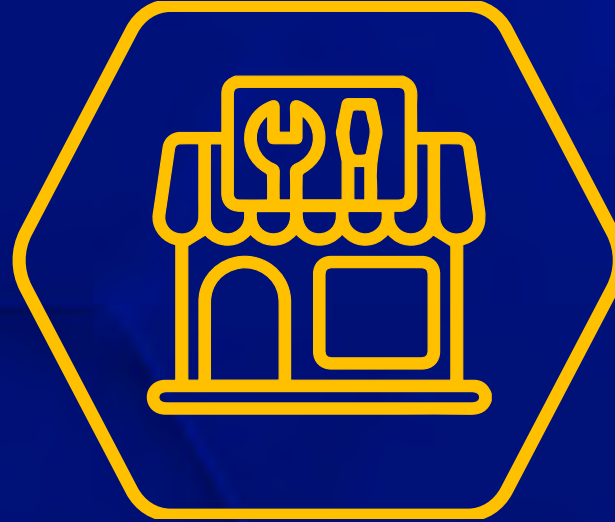
Customer
Integration
Solutions



Integrated Parts & Repair Platforms *(Automotive)*



1.5+ Million
Repair Centers



Repair Shops Transition
to EV market

nexdrive
Powered by 

Repair Shops
Management Solutions



Foundational Platforms +
Data +
Repair Solutions

Largest network of integrated Parts & Repair



Customer Integration Solutions *(Automotive)*



Seamless Integration Into Procure-to-Pay Systems

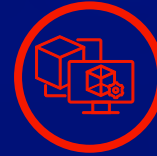


Extensible to Global Customer Operations



Value-Added Solutions

Recurring Growth and Loyalty *(Industrial)*



Establish a Digital Twin



Create a Curated Marketplace

Digital Twin *(Industrial)*



- ✓ **GPC IoT (Internet of Things) Platform**
- ✓ **Customer's Operational Telemetries**
- ✓ **Advanced Data Analytics**

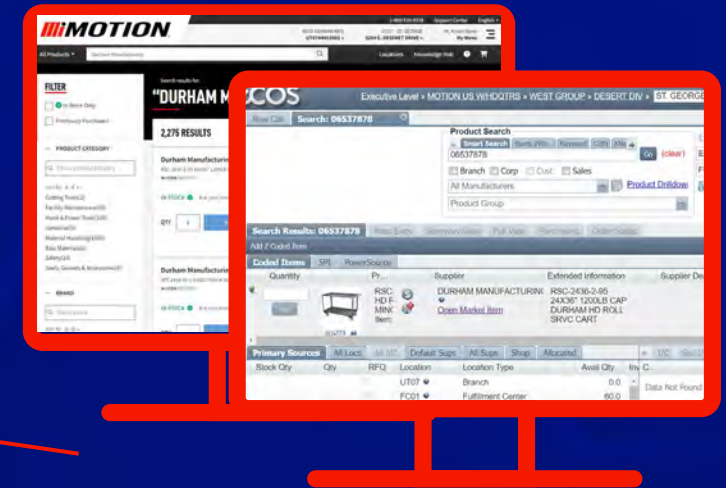
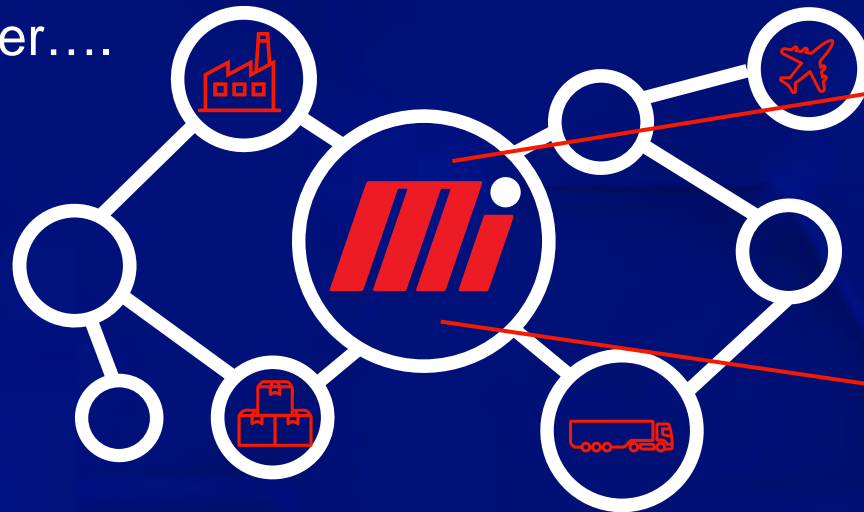


Curated Marketplace (Industrial)



Suppliers Direct

- Cutting Tools
- Power Tools
- Other....



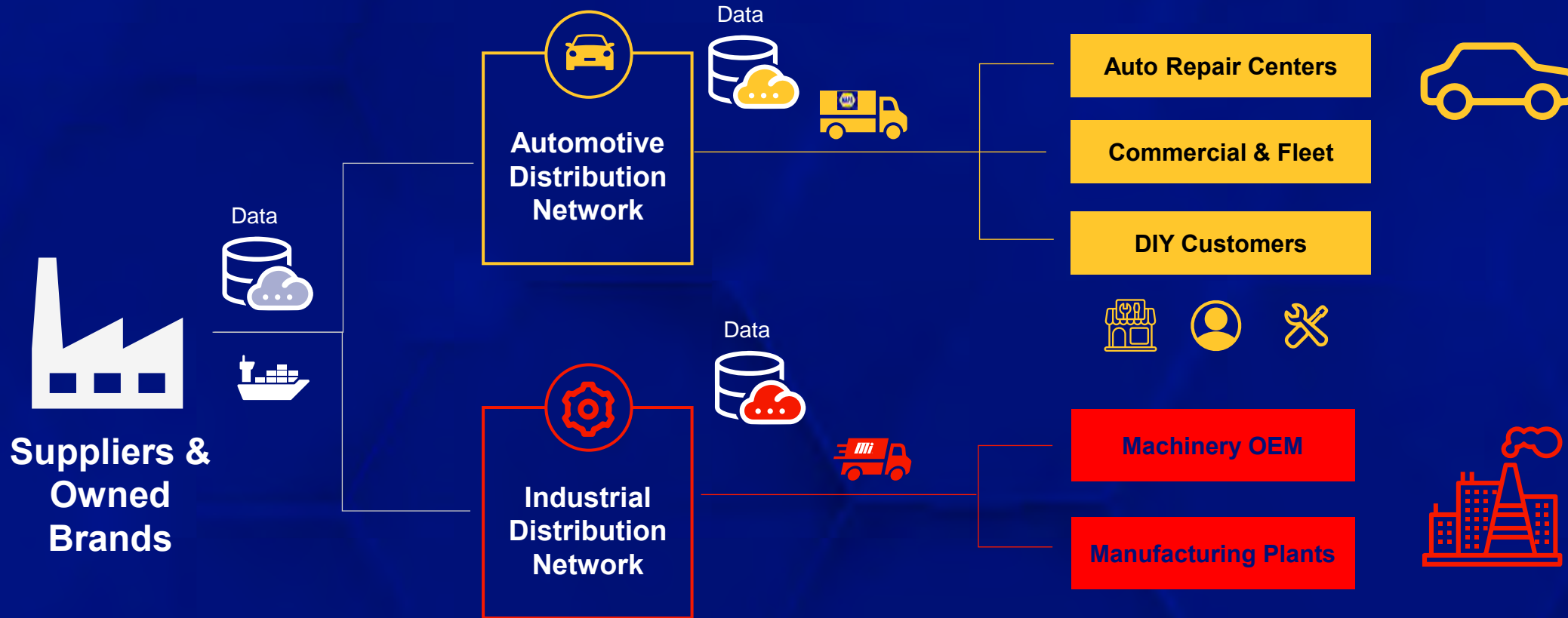
GPC Industrial Catalog

Wholesale Distributors

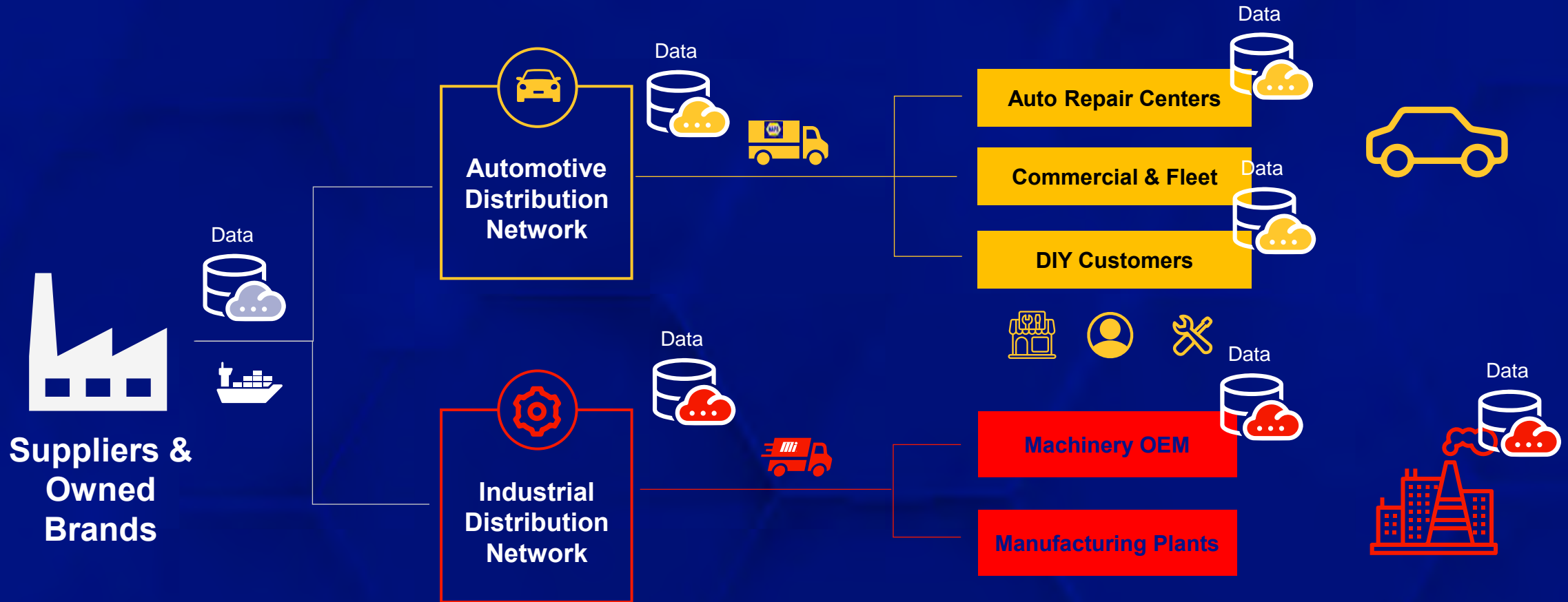
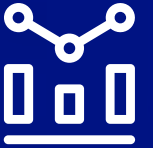
- Safety Wear
- Janitorial & Sanitation
- Other....



Competitive Advantage Through Our Data



Competitive Advantage Through Our Data



Leveraging unique datasets to unlock 'Art of the Possible'



Transforming the Customer Experience



**Strengthen
Foundations**



**Drive Recurring
Growth and
Loyalty**



**Modernize
Competitive
Advantage**



Business Unit Panel



Will Stengel
President & COO



Franck Baduel
*CEO, European
Automotive*



Randy Breaux
*President,
North American
Industrial*



Rob Cameron
*Managing Director
and Group CEO,
Australasia*



Kevin Herron
*President,
U.S. Automotive*



Alain Masse
*President, Canadian
Automotive*

Financial Outlook

Bert Nappier

*Executive Vice President
& Chief Financial Officer*



Strong Legacy

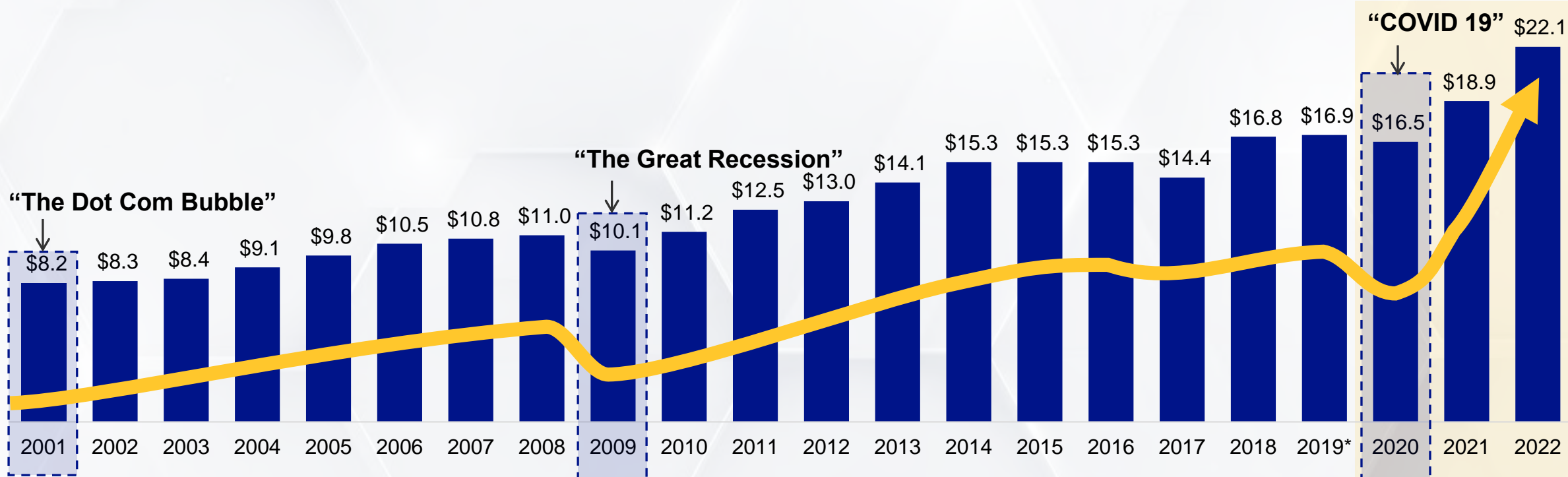
Financial Discipline

Bright Future



GPC Has Delivered Strong Financial Results

Sales (USD \$ in billions)



* Non-GAAP financial measure, see appendix for more information

2001-2022 Sales CAGR = ~5% & Adj. EPS CAGR* = ~8%



Key Value Delivery Since 2019

8 Quarters

of consecutive top line growth

3-year average ROIC*

34.3%

3 Years

of EBITDA margin expansion

Delivered a total
shareholder return of

21.2%

9.3% Sales CAGR*

16.7% Adj. EPS CAGR*

\$2.1B

Returned to shareholders in
dividends and share
repurchases

* Non-GAAP financial measure; see appendix for more information



2025 Financial Targets

Sales

(USD in \$ billions)



Adj. EPS



Adj. EBITDA*

(USD in \$ billions)

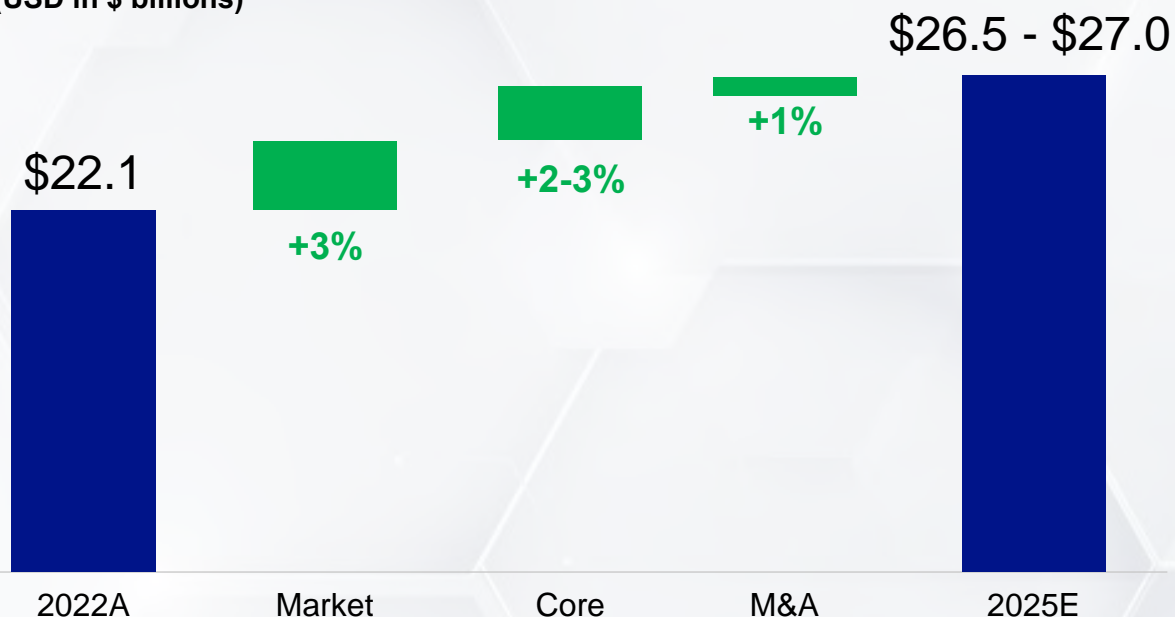


*Non-GAAP financial measure; see appendix for more information
All earnings per share amounts assume dilution

GPC Growth Forecast

Sales

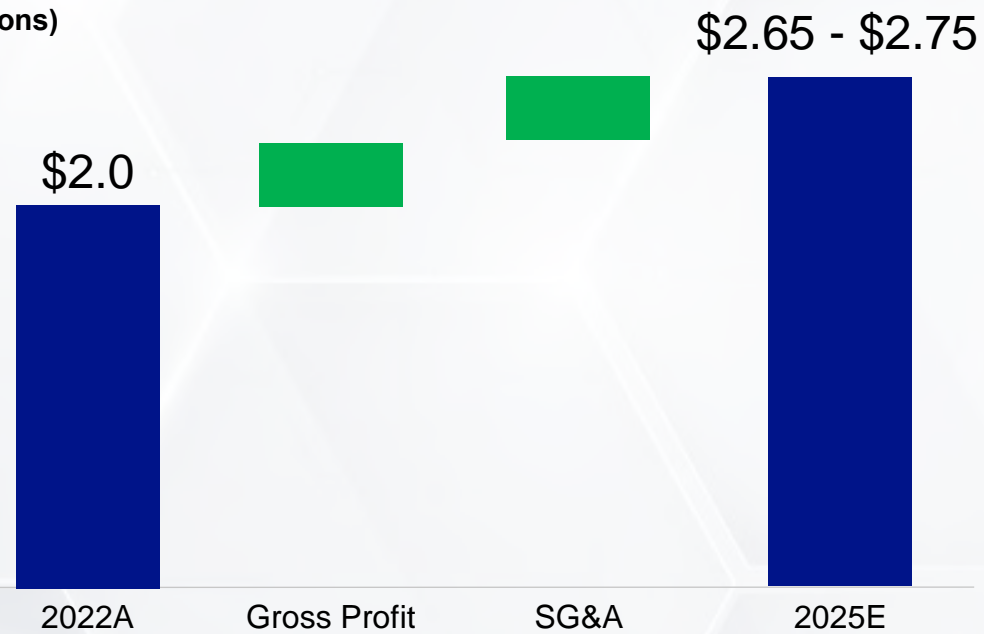
(USD in \$ billions)



2022 - 2025 = ~6-7% CAGR

Adj. EBITDA*

(USD in \$ billions)



Adj. EBITDA Margin*

9%

+100bps

10%+

*Non-GAAP financial measure; see appendix for more information

Sales and Adj. EBITDA expand on organic growth and operating leverage



Double-Digit Adj. EBITDA Margins by 2025



*Non-GAAP financial measure; see appendix for more information

Execution of strategic initiatives contributes to long-term profitable growth



A Strong Foundation Provides Flexibility for the Future

\$2.2B Liquidity

Higher cash balances provide flexibility for the future

Baa1/BBB Rated

First IG rating attained in 2020 from Moody's & S&P

Capital Allocation Priorities



Dividend will consistently grow as profit expands, recognizing permanent nature of dividend and commitment to shareholders



Successful M&A activity with the ability to rapidly de-lever due to crisp execution



CapEx spending increases as we prioritize supply chain and technology investments



Share repurchases offset dilution

~\$4B Operating Cash Flow

And ~\$2.7B free cash flow, both to be delivered 2023-2025

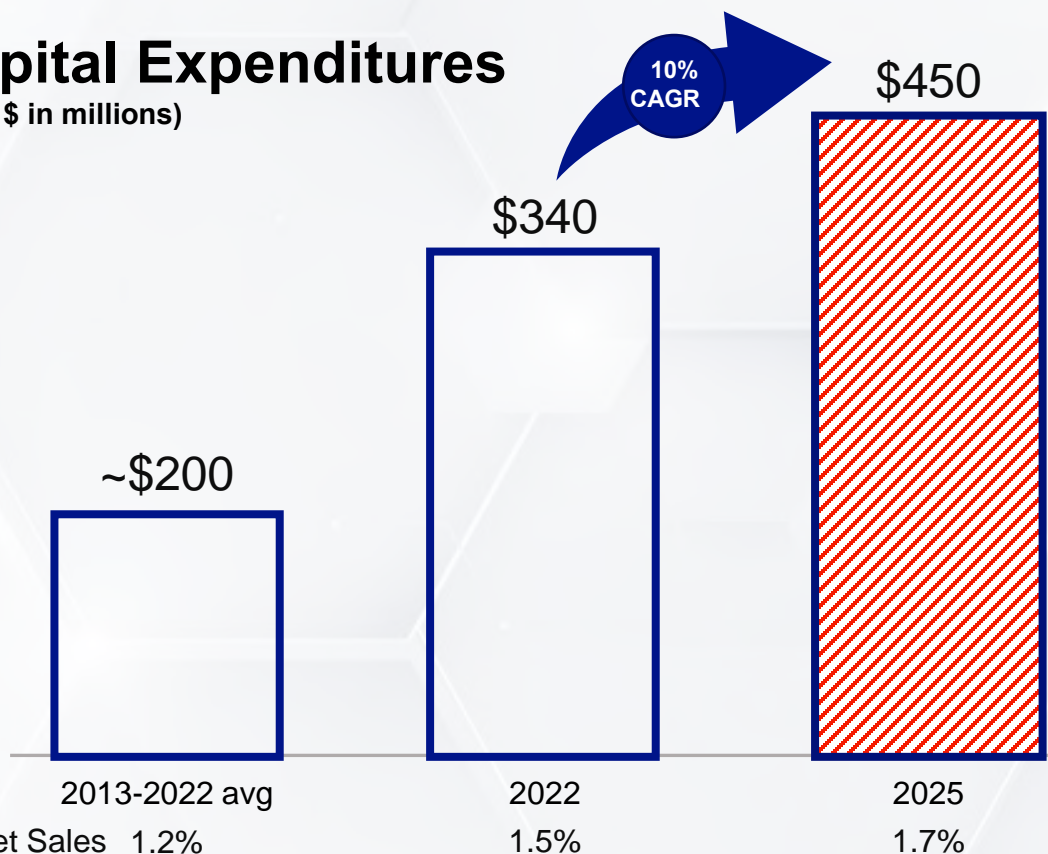
2.3%

Weighted average cost of debt, which is primarily fixed rate

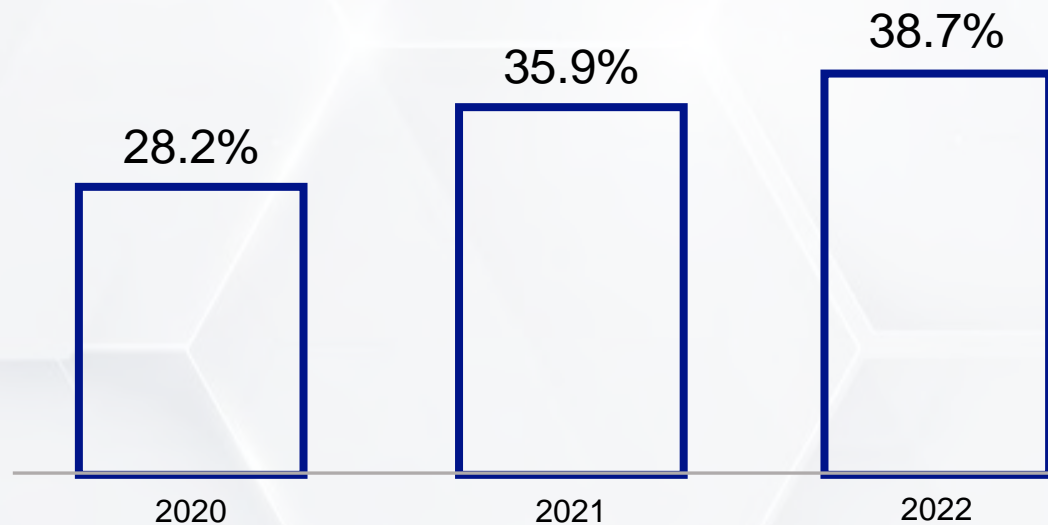
Sustainable Investment in High ROIC Opportunities

Capital Expenditures

(USD \$ in millions)



ROIC*



* Non-GAAP financial measure, see appendix for more information

Incremental investments in supply chain and technology continue to produce a strong ROIC well above weighted average cost of capital



Consistent Dividend Growth



- ✓ 2023 marks the 67th year in a row that GPC has raised the dividend
- ✓ Dividend growth 4-year CAGR of +6%
- ✓ Committed to dividend as we continue to grow and expand profitability



Key Financial Takeaways



Double-digit adj. EBITDA margins

by 2025*



Double-digit adj. earnings per share growth over the 3-year period*



Significant operating and free cash flow generation allows for disciplined capital allocation enabling **growth and shareholder returns**



Strong balance sheet and investment grade credit rating provide significant flexibility for the future

*Non-GAAP financial measure; see appendix for more information

As an employee, customer, vendor, supplier or investor, there has never been a better time to be a part of GPC



Key Takeaways

1

Understand
Our Culture
and How We
Drive **Value**

2

Showcase
Our **Strategy**
and
Initiatives

3

Highlight Our
Talented
Management
Team

4

Share Our
3-Year
Financial
Targets

5

Enhance
Confidence in
GPC as a
Differentiated
Investment





WE KEEP
THE WORLD
MOVING

APPENDIX

Executive Management & Business Unit Presidents



Paul Donahue
Chairman & CEO



Will Stengel
President & COO



Bert Nappier
EVP & CFO



Naveen Krishna
EVP & CDO



Franck Baduel
*CEO, European
Automotive*



Randy Breaux
*President,
North American
Industrial*



Rob Cameron
*Managing Director and
Group CEO,
Australasia*



Kevin Herron
*President,
U.S. Automotive*



Alain Masse
*President, Canadian
Automotive*



Initiative Showcase Leaders



Wayne Bryant
CEO, Automotive Division
GPC Asia Pacific



Bret Robyck
EVP, Sales
U.S. Automotive Group



Jeff England
EVP, Chief Supply
Chain Officer
U.S. Automotive Group



Joe Limbaugh
EVP, Supply Chain,
Operations Support,
Marketing and Enterprise
Excellence
Motion



Cameron Richardson
SVP, Retail, Consumer
Merchandise and Digital
U.S. Automotive Group



Kevin Stone
VP, Corporate
Accounts Supports &
eCommerce Motion



Brooke Hillebrand
VP, Pricing
U.S. Automotive Group



James Howe
EVP, CTO, Corporate
Accounts, Digital &
ECommerce, Strategic
Pricing
Motion



Aurelio Banda
SVP, Group Executive
Motion



Alex Bertoli
Chief Transformation
Officer
Alliance Automotive Group



John O'Dowd
VP, Marketing
NAPA Canada



Susan Starnes
VP, Emerging Markets
U.S. Automotive
Group

Reconciliation of Non-GAAP Financial Measures

Appendix A

Reconciliation of 2019 Net Sales Excluding Divestitures

(in thousands)	For the Year Ended December 31, 2019		
	GAAP Total Net Sales	Net Sales of Businesses Divested in 2019 (1)	Net Sales Excluding Divestitures
Automotive	\$ 10,993,902	\$ 15,900	\$ 10,978,002
Industrial	6,528,332	588,031	5,940,301
Total Net Sales	\$ 17,522,234	\$ 603,931	\$ 16,918,303

(1) Refer to the acquisitions and divestitures footnote in the Notes to the Consolidated Financial Statements on Form 10-K filed with the SEC on February 21, 2020 for additional information on divested businesses

Reconciliation of Non-GAAP Financial Measures

Appendix A

Reconciliation of 2019-2022 GAAP net income to adjusted net income

(in thousands)	Year Ended December 31,			
	2019	2020	2021	2022
GAAP net income*	\$ 646,475	\$ 163,395	\$ 898,790	\$ 1,182,701
Adjustments**:				
Goodwill impairment charge (1)	-	506,721	-	-
Restructuring (2)	142,780	50,019	-	-
Realized currency and other divestiture losses (3)	34,701	11,356	-	-
Gain on insurance proceeds related to SPR Fire (4)	-	(13,448)	-	-
Gain on equity investment (5)	(38,663)	-	-	-
Inventory adjustment (6)	-	40,000	-	-
Gain on sales of real estate (7)	-	-	-	(102,803)
Gain on insurance proceeds (8)	-	-	(3,862)	(1,507)
Product liability adjustment (9)	-	-	-	28,730
Product liability damages award (10)	-	-	77,421	-
Loss on software disposal (11)	-	-	61,063	-
Gain on equity investment (12)	-	-	(10,229)	-
Transaction and other costs (13)	31,254	39,817	3,655	80,601
Total adjustments	170,072	634,465	128,048	5,021
Tax impact of adjustments	(39,704)	(32,822)	(29,828)	(137)
Adjusted net income*	\$ 776,843	\$ 765,038	\$ 997,010	\$ 1,187,585

*2019 and 2020 GAAP net income and adjusted net income reflect GAAP net income from continuing operations and adjusted net income from continuing operations, respectively.

**Refer to the corresponding footnote in Appendix B: Explanation of Adjustments for further information on adjustments.

Reconciliation of Non-GAAP Financial Measures

Appendix A

Reconciliation of 2019-2022 GAAP diluted EPS to adjusted diluted EPS

	Year Ended December 31,			
	2019	2020	2021	2022
GAAP diluted EPS	\$ 4.42	\$ 1.13	\$ 6.23	\$ 8.31
Adjustments*:				
Goodwill impairment charge (1)	-	3.49	-	-
Restructuring (2)	0.98	0.34	-	-
Realized currency and other divestiture losses (3)	0.24	0.08	-	-
Gain on insurance proceeds related to SPR Fire (4)	-	(0.09)	-	-
Gain on equity investment (5)	(0.26)	-	-	-
Inventory adjustment (6)	-	0.28	-	-
Gain on sales of real estate (7)	-	-	-	(0.72)
Gain on insurance proceeds (8)	-	-	(0.03)	(0.01)
Product liability adjustment (9)	-	-	-	0.20
Product liability damages award (10)	-	-	0.54	-
Loss on software disposal (11)	-	-	0.42	-
Gain on equity investment (12)	-	-	(0.07)	-
Transaction and other costs (13)	0.20	0.27	0.03	0.56
Total adjustments	1.16	4.37	0.89	0.03
Tax impact of adjustments	(0.27)	(0.23)	(0.21)	-
Adjusted diluted EPS	5.31	5.27	6.91	8.34
Adjustment to exclude divested operations**	(0.06)	-	-	-
Adjusted diluted EPS excluding divested operations	\$ 5.25	\$ 5.27	\$ 6.91	\$ 8.34

*Refer to the corresponding footnote in Appendix B: Explanation of Adjustments for further information on adjustments.

**Refer to the acquisitions and divestitures footnote in the Notes to the Consolidated Financial Statements on Form 10-K filed with the SEC on February 21, 2020 for additional information on divested businesses

Reconciliation of Non-GAAP Financial Measures

Appendix A

Reconciliation of 2022 GAAP net income to adjusted EBITDA

(in thousands)	Year Ended December 31,	
	2022	
GAAP net income	\$	1,182,701
Depreciation and amortization		347,819
Interest expense, net		73,887
Income taxes		389,901
EBITDA		1,994,308
Adjustments*:		
Gain on sales of real estate (7)		(102,803)
Gain on insurance proceeds (8)		(1,507)
Product liability adjustment (9)		28,730
Product liability damages award (10)		-
Loss on software disposal (11)		-
Gain on equity investment (12)		-
Transaction and other costs (13)		80,601
Adjusted EBITDA	\$	1,999,329

*Refer to the corresponding footnote in Appendix B: Explanation of Adjustments for further information on adjustments

Reconciliation of Non-GAAP Financial Measures

Appendix A

Reconciliation of return on invested capital

(in millions)	Year Ended December 31,		
	2020	2021	2022
GAAP net income from continuing operations	\$ 163	\$ 899	\$ 1,183
Adjustments*	634	128	5
Interest expense, net	91	62	74
Tax impact of interest expense	(9)	(15)	(19)
Tax impact of adjustments*	(33)	(30)	-
Adj. net operating income after tax	\$ 846	\$ 1,044	\$ 1,243
Invested capital			
Trade accounts receivable, net**	2,357	2,598	3,189
Merchandise inventories, net	3,506	3,890	4,442
Property, plant and equipment, net	1,162	1,234	1,326
Trade accounts payable	(4,128)	(4,805)	(5,457)
Year-end invested capital	2,897	2,917	3,500
Average year-end invested capital***	\$ 3,004	\$ 2,907	\$ 3,209
Return on invested capital****	28.2%	35.9%	38.7%
Return on invested capital**** (3 year average)			34.3%

*Refer to the corresponding footnote in Appendix B: Explanation of Adjustments for further information.

** Trade accounts receivable, net excludes the impact of our Accounts Receivable Sales Agreement. The principal amount of receivables sold is approximately \$1 billion for the year ended December 31, 2022 and \$800 million for the years ended December 31, 2021 and 2020.

*** Invested capital as of 2019 was \$3.1 billion, calculated with accounts receivable, inventory, property plant and equipment, and accounts payable of \$2.4B, \$3.4B, \$1.2B and \$(3.9)B, respectively.

*** Represents adjusted net operating profit after tax as a percentage of average year-end invested capital.

- (1) Goodwill impairment charge:** Adjustment reflects a second quarter goodwill impairment charge related to our European reporting unit.
- (2) Restructuring:** Adjustment reflects restructuring and special termination costs related to the 2019 Cost Savings Plan announced in the fourth quarter of 2019. The costs are primarily associated with severance and other employee costs, including a voluntary retirement program, and facility and closure costs related to the consolidation of operations.
- (3) Realized currency and other divestiture losses:** Adjustment reflects realized currency losses related to divestitures.
- (4) Gain on insurance proceeds related to SPR fire:** Adjustment reflects insurance recoveries in excess of losses incurred on inventory, property, plant and equipment and other fire-related costs related to the S.P. Richards Headquarters and Distribution Center.
- (5) Gain on equity investment:** Adjustment relates to the gain recognized upon remeasuring the Company's preexisting 35% equity investment to fair value upon acquiring the remaining equity of Motion Asia Pacific on July 1, 2019.
- (6) Inventory adjustment:** Adjustment reflects a \$40 million increase to cost of goods sold recorded during the quarter ended December 31, 2020 due to the correction of an immaterial error related to the accounting in prior years for consideration received from vendors.
- (7) Gain on sales of real estate:** Adjustment reflects a gain on the sale of real estate that had been leased to S.P. Richards.
- (8) Gain on insurance proceeds:** Adjustment reflects insurance recoveries in excess of losses incurred on inventory, property, plant and equipment and other fire-related costs.
- (9) Product liability adjustment:** Adjustment to remeasure product liability for a revised estimate of the number of claims to be incurred in future periods, among other assumptions.
- (10) 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.
- (11) 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.
- (12) 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.
- (13) Transaction and other costs:** Adjustments for 2019 reflect transaction and other costs related to acquisitions and divestitures. Adjustment for 2020 includes a \$17 million loss on investment, \$10 million of incremental costs associated with COVID-19, and costs associated with certain divestitures. Adjustment for 2021 include transaction and other costs related to acquisitions. 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 on investments. Adjustment for 2023 includes an \$11 million loss related to an investment.