



CFO Commentary

Fourth Quarter and Full Year 2021

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CFO Commentary

As reflected in our earnings release, there are a number of items that impact the comparability of our results with those in the trailing quarter and prior quarter of last year. The discussion of our results may exclude these items to give you a better sense of our operating results. As always, the operating information we provide to you should be used as a complement to GAAP numbers. For a complete reconciliation between our GAAP and non-GAAP results, please refer to our earnings release and the earnings reconciliation found at the end of this document.

The following reported and non-GAAP information included in this CFO commentary is unaudited and should be read in conjunction with the company's 2021 Annual Report on form 10-K as filed with the Securities and Exchange Commission.



Fourth-Quarter Summary

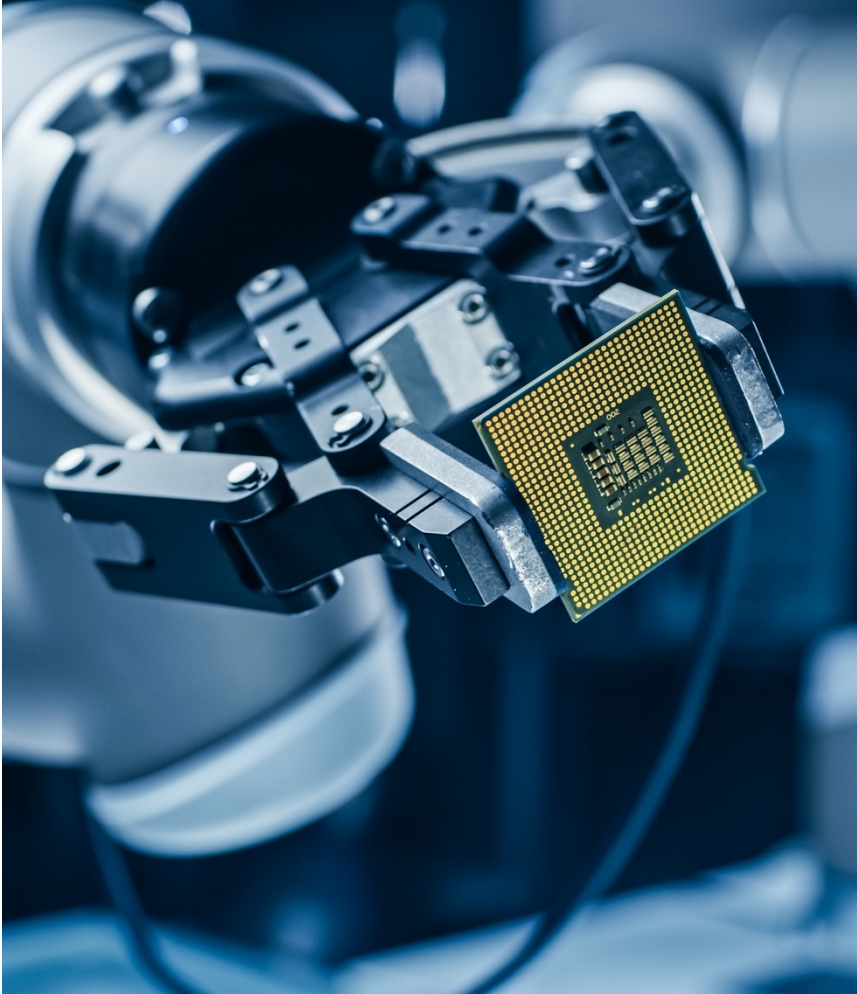
Arrow Electronics experienced strong market demand for electronic components and associated design, engineering and supply chain services in the fourth quarter, leading to record quarterly sales that approached the high end of the prior expectation.

Arrow is helping customers navigate shortages and supply chain challenges so they can maintain production, bring new electronic products to market, and securely manage their applications and data. By helping to mitigate production risks and assure a continuous stream of products to market, Arrow deepens customer relationships and solidifies its position as a trusted partner. Capitalizing on strong sales with focused execution produced record quarterly gross profit, operating income and earnings per share.

During the fourth quarter, demand for electronic components remained robust in all three regions. Demand was exceptionally strong in the Americas region and was consistently strong from industrial customers in all regions. A favorable mix of higher-margin products and solutions, along with regional mix and higher prices, resulted in record quarterly operating income and margins.

For the enterprise computing solutions business, customer engagements increased and expanded resulting in strong order activity. While the IT demand environment was healthy, sales mix was more skewed toward software, services and cloud-based solutions. Hardware-related sales faced challenges from supply-chain bottlenecks. Hence, sales were slightly below the midpoint of the prior guidance range but somewhat understated activity levels during the quarter. Fourth-quarter operating margin returned to the highest level since 2016, aided by a favorable mix of products and solutions.

Returns metrics reached new highs during the fourth-quarter, aided by record profitability and continued careful management of working capital. Cash was returned to shareholders through the repurchase of 2 million shares for \$250 million. This was the third consecutive quarter where repurchases totaled \$250 million. Following an additional \$600 million authorization in December, at the end of 2021, remaining repurchase authorization totaled approximately \$763 million.



Repurchased 2 million shares for \$250 million during the quarter and 7.7 million for \$900 million during 2021.

Consolidated Overview

Fourth Quarter 2021

P&L Highlights*	Q4 2021	Y/Y CHANGE	Y/Y CHANGE ADJUSTED FOR CURRENCY	Q/Q CHANGE
Sales	\$9,016	7%	8%	6%
Gross Profit Margin	13.3%	240 bps	240 bps	70 bps
Operating Income	\$512	59%	63%	26%
Operating Margin	5.7%	190 bps	200 bps	90 bps
Non-GAAP Operating Income	\$525	56%	60%	28%
Non-GAAP Operating Margin	5.8%	180 bps	190 bps	100 bps
Net Income	\$371	57%	61%	28%
Diluted EPS	\$5.26	71%	75%	32%
Non-GAAP Net Income	\$379	56%	60%	29%
Non-GAAP Diluted EPS	\$5.37	69%	73%	33%

* \$ in millions, except per share data; may reflect rounding.

Record fourth-quarter sales, gross profit operating income, and earnings per share on a diluted basis

Consolidated sales were \$9.02 billion

Near the higher end of the prior expectation of \$8.55-\$9.15 billion

Changes in foreign currencies negatively impacted sales growth by \$73 million year over year

The prior sales expectation included an anticipated \$15 million negative impact to growth; the strengthening of the U.S. dollar within the quarter resulted in an additional \$58 million headwind

Operating income margin was 5.7% and non-GAAP operating income margin was 5.8%

Operating expenses as a percentage of sales were 7.5%, up 50 basis points year over year

Non-GAAP operating expenses as a percentage of sales were 7.4%, up 40 basis points year over year

Consolidated gross profit margin was 13.3%

Up 240 basis points year over year due to higher margins in both global components and global enterprise computing solutions and across all regions

Interest and other expense, net was \$35 million

Slightly above our prior expectation of \$32 million on higher interest rates on floating rate debt and due to the issuance of 10-year 2.95% notes in December

Fourth Quarter 2021

Effective tax rate was 22.5%, and non-GAAP effective tax rate was 22.6%

Non-GAAP effective tax rate was below the prior expectation of 23.5% and the target long-term target range of 23% - 25% due to timing of discrete tax items and mix of profits from lower tax jurisdictions

Diluted shares outstanding were 71 million

In line with the prior expectation

Diluted earnings per share were \$5.26

Above the prior expectation of \$4.19 - \$4.35

Non-GAAP diluted earnings per share were \$5.37

Above the prior expectation of \$4.37 - \$4.53

Changes in foreign currencies negatively impacted earnings per share by approximately \$.07 compared to the fourth quarter of 2020

The prior earnings per share expectation included an anticipated \$.01 headwind to growth; the strengthening of the U.S. dollar within the quarter resulted in an additional \$.06 headwind

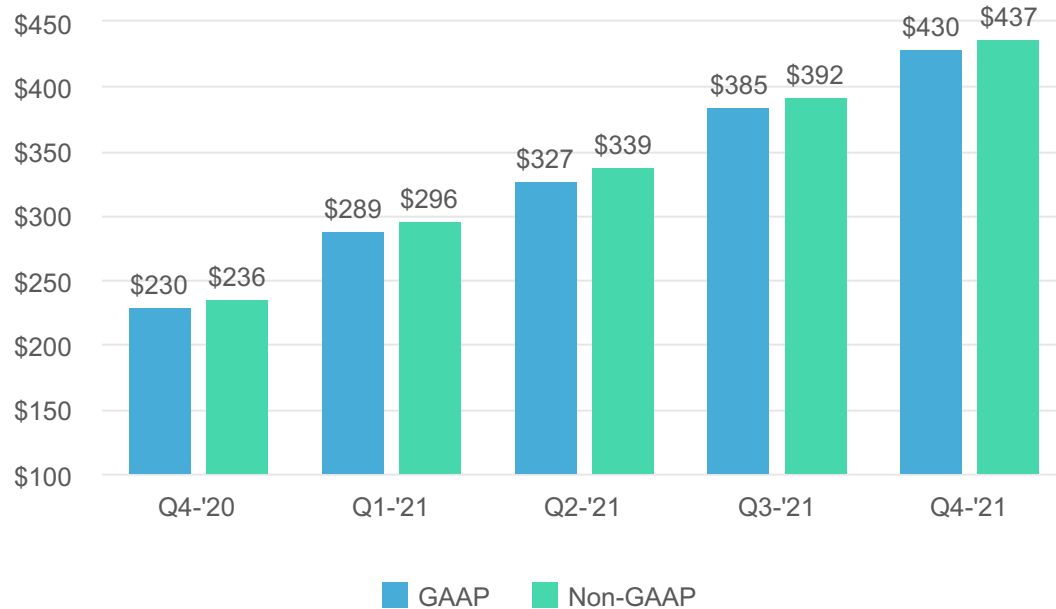
A reconciliation of non-GAAP financial measures, including sales, sales for each segment and in each region, gross profit, operating income, income before income taxes, provision for income taxes, net income, net income attributable to shareholders, net income per share, return on working capital, and return on invested capital to GAAP financial measures is presented in the reconciliation tables included herein.



Components

Global

Operating Income (\$ in millions)



Record quarterly sales, operating income, and operating margin

Fourth-quarter sales increased 13% year over year

Sales of \$6.68 billion were above the prior expectation of \$6.35-\$6.65 billion

Record quarterly sales

Operating margin of 6.4% increased 250 basis points year over year

Record quarterly operating income and operating margin

Lead times increased year over year and compared to the third quarter

Backlog increased significantly year over year

Non-GAAP operating margin of 6.5% increased 250 basis points year over year

Margins increased in Asia, Americas, and Europe year over year

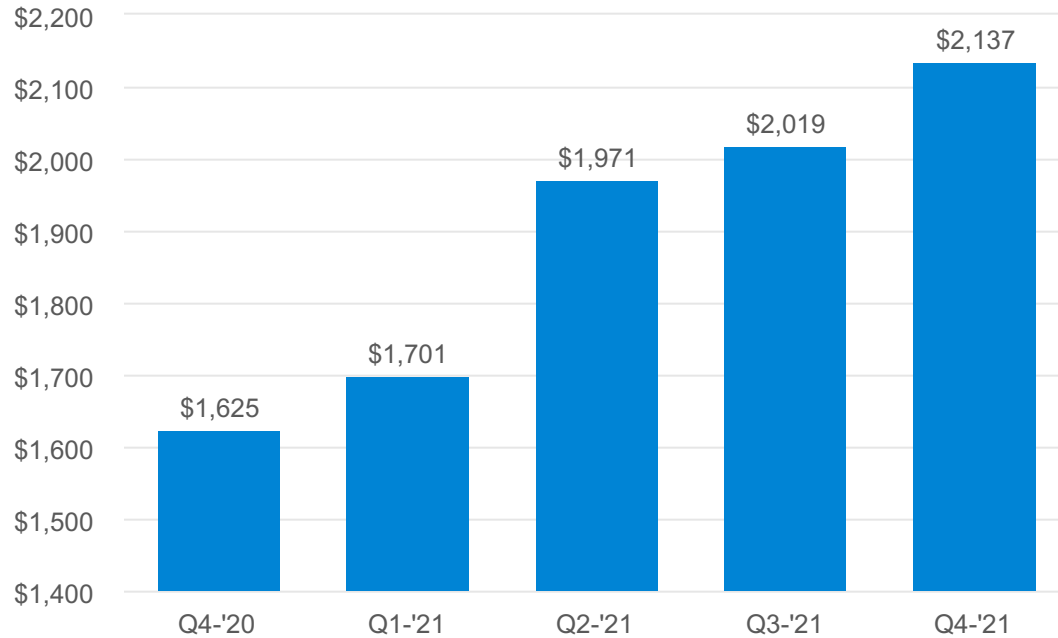
Book-to-bill was above parity in all regions

Return on working capital increased year over year

Components

Americas

Sales (\$ in millions)



Record quarterly Americas components sales

Fourth-quarter sales increased 31% year over year

Sales increased 32% year over year adjusted for changes in foreign currencies

Record sales for any quarter

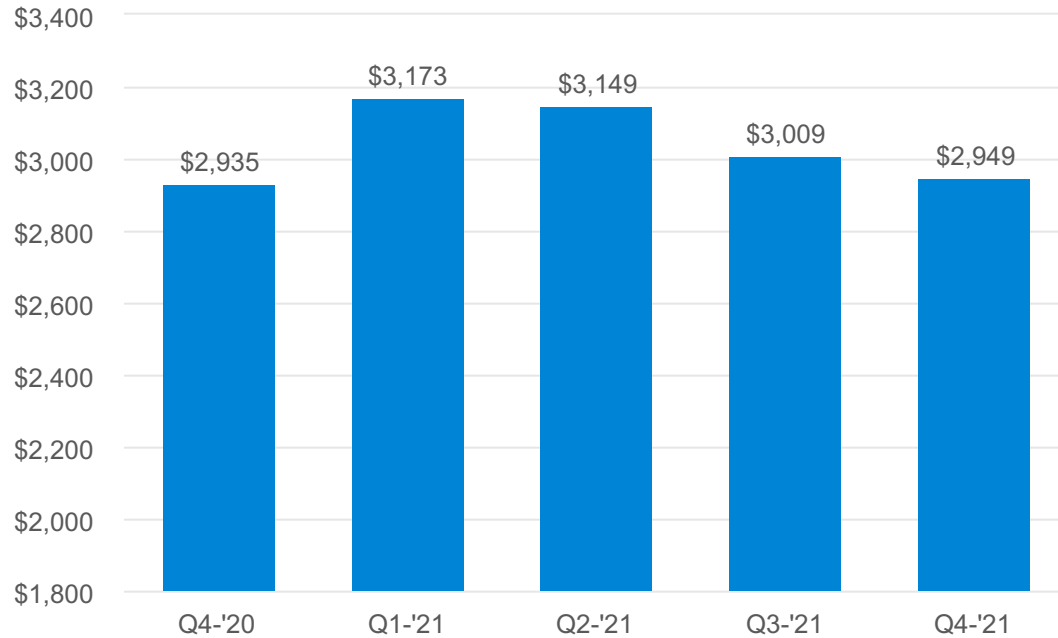
Strong growth in transportation, communications, industrial, and medical devices sales year over year

Growth in consumer, alternative energy, lighting, and aerospace and defense sales year over year

Components

Asia

Sales (\$ in millions)



Record fourth-quarter Asia components sales

Fourth-quarter sales increased 0.5% year over year

Sales were flat year over year adjusted for changes in foreign currencies

Record fourth-quarter sales

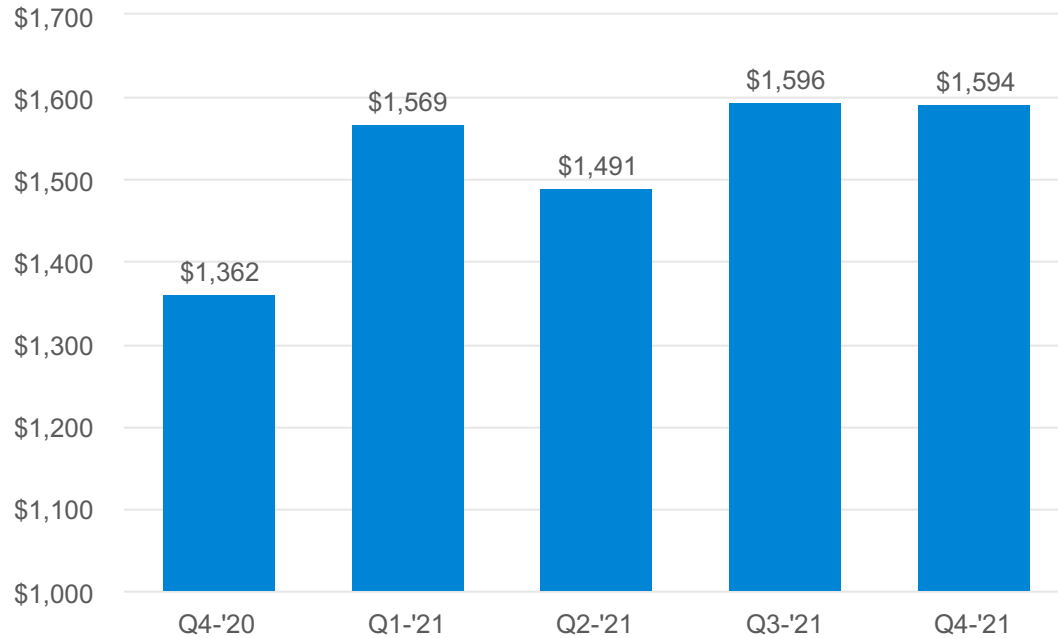
Growth in computing, industrial, and transportation sales year over year

Consumer and medical devices sales decreased year over year compared to strong sales in the fourth quarter of 2020

Components

Europe

Sales (\$ in millions)



Record fourth-quarter Europe components sales

Fourth-quarter sales increased 17% year over year

Sales increased 21% year over year adjusted for changes in foreign currencies

Record fourth-quarter sales

Strong growth in industrial, industrial automation, communications, computer/data processing, aerospace and defense, and lighting sales year over year

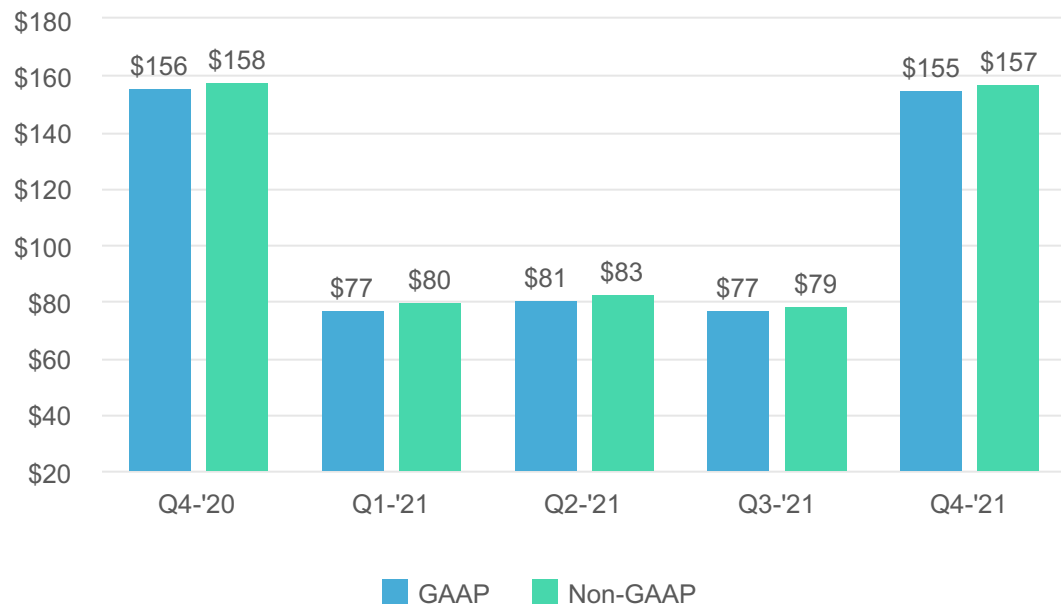
Growth in medical devices and consumer sales year over year

Transportation sales were flat year over year

Enterprise Computing Solutions

Global

Operating Income (\$ in millions)



Enterprise computing solutions operating margin increased 40 bps year over year

Fourth-quarter sales decreased 8% year over year

Sales decreased 6% year over year adjusted for changes in foreign currencies

Operating income decreased 1% year over year

Non-GAAP operating income decreased 1% year over year

Operating margin of 6.6% increased 40 basis points year over year

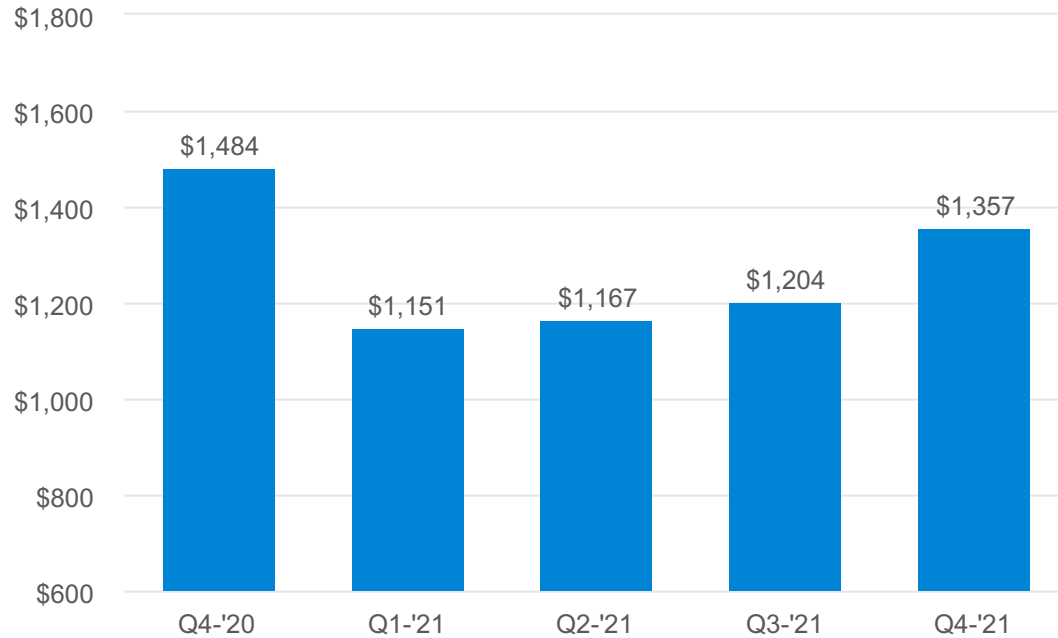
Non-GAAP operating margin of 6.7% increased 40 basis points year over year

Return on working capital remains favorable

Enterprise Computing Solutions

Americas

Sales (\$ in millions)



Enterprise Computing Solutions Americas sales decreased 9% year over year

Fourth-quarter sales decreased 9% year over year

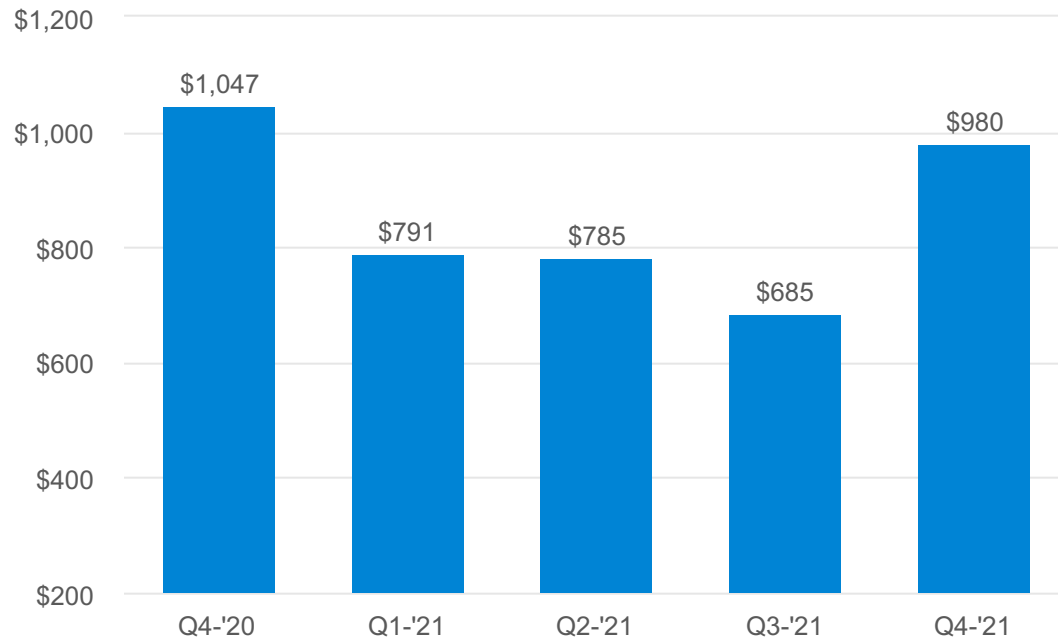
Growth in storage and proprietary servers year over year

Networking and industry-standard servers were approximately flat year over year

Enterprise Computing Solutions

Europe

Sales (\$ in millions)



Record full-year Enterprise Computing Solutions Europe sales

Fourth-quarter sales decreased 6% year over year

Sales decreased 3% year over year adjusted for changes in foreign currencies

Growth in infrastructure software across the portfolio and security year over year

Storage and proprietary servers were approximately flat year over year

Consolidated Overview

Full-Year 2021

P&L Highlights*	2021	Y/Y CHANGE	Y/Y CHANGE ADJUSTED FOR WIND DOWN, DISPOSITIONS, & CURRENCY
Sales	\$34,477	20%	19%
Gross Profit Margin	12.2%	110 bps	110 bps
Operating Income	\$1,557	74%	74%
Operating Margin	4.5%	140 bps	140 bps
Non-GAAP Operating Income	\$1,609	72%	69%
Non-GAAP Operating Margin	4.7%	140 bps	140 bps
Net Income	\$1,108	90%	90%
Diluted EPS	\$15.10	103%	104%
Non-GAAP Net Income	\$1,137	87%	83%
Non-GAAP Diluted EPS	\$15.50	100%	96%

* \$ in millions, except per share data; may reflect rounding.

Record full-year sales, gross profit, operating income, and earnings per share

Consolidated full-year sales increased 20% year over year

Sales increased 19% year over year adjusted for changes in foreign currencies

Gross margin increased 110 basis points year over year

Gross margin increased in both global components and global enterprise computing solutions year over year

Operating income margin increased 140 basis points year over year

Non-GAAP operating income margin increased 140 basis points year over year

Operating expense as a percentage of sales decreased 30 basis points year over year

Interest and other expense, net was \$132 million

Decreased \$5 million year over year primarily due to lower debt balances and lower interest rates

Effective tax rate was 22.7%

Non-GAAP effective tax rate was 22.7%

Slightly below the long-term target range of 23% to 25% due to the timing of discrete items and mix of profits from lower tax jurisdictions

Cash Flow, Returns, and Liquidity

Fourth Quarter 2021

Cash Flow from Operations

Cash flow from operating activities was \$28 million in the fourth quarter and \$419 million in 2021.

Working Capital

The company reports return on working capital ("ROWC") and ROWC (non-GAAP) to provide investors an additional method for assessing working capital. The company uses ROWC to measure economic returns to help the company evaluate the effectiveness of investments in the inventories we chose to buy and the business arrangements we have with our customers and suppliers. ROWC was 35.9% in the fourth quarter, up 770 basis points year over year, and was 31.1% in 2021, up 1140 basis points from 2020. ROWC (non-GAAP) was 36.8% in the fourth quarter, up 730 basis points year over year, and was 32.2% in 2021, up 1160 basis points from 2020.

Return on Invested Capital

The company reports return on invested capital ("ROIC") and ROIC (non-GAAP) to provide investors an additional method for assessing operating income. Among other uses, the company uses ROIC to measure economic returns relative to our cost of capital in evaluating overall effectiveness of our business strategy. ROIC was 21.0% in the fourth quarter, up 630 basis points year over year, and was 16.4% in 2021, up 670 basis points from 2020. ROIC (non-GAAP) was 21.5% in the fourth quarter, up 600 basis points year over year, and was 17.0% in 2021, up 680 basis points from 2020.

Share Buyback

We repurchased approximately 2.0 million shares for \$250 million in the fourth quarter. Total cash returned to shareholders in 2021 was approximately \$900 million.

Debt and Liquidity

Net debt totaled \$2.4 billion. Total liquidity was \$3.47 billion when including cash of \$222 million.



Repurchased approximately \$250 million of stock in the fourth quarter, bringing total cash returned to shareholders in 2021 to approximately \$900 million.

Outlook: First Quarter 2022

Guidance

We are expecting the average USD-to-Euro exchange rate for the first quarter of 2022 to be \$1.13 to €1 compared to \$1.20 to €1 in the first quarter of 2021. We estimate changes in foreign currencies to have negative impacts on growth of approximately \$160 million on sales, and \$.10 on earnings per share on a diluted basis compared to the first quarter of 2021.

First-Quarter 2022 Guidance

Consolidated Sales	\$8.35 billion to \$8.95 billion
Global Components	\$6.675 billion to \$6.975 billion
Global ECS	\$1.675 billion to \$1.975 billion
Diluted Earnings Per Share*	\$4.32 to \$4.48
Non-GAAP Diluted Earnings Per Share*	\$4.44 to \$4.60
Interest and other expense, net	\$35 million
Diluted shares outstanding	69 million

* Assumes an average tax rate of approximately 23.5% compared to the 23% to 25% long-term target range.

First-Quarter 2022 Guidance Reconciliation

	REPORTED GAAP MEASURE	INTANGIBLE AMORTIZATION EXPENSE	RESTRUCTURING & INTEGRATION CHARGES	NON-GAAP MEASURE
Net income per diluted share	\$4.32 to \$4.48	\$.10	\$.02	\$4.44 to \$4.60

Quarter Closing Dates

Beginning and ending dates may impact comparisons to prior periods

	First	Second	Third	Fourth
2021	Apr. 3	Jul. 3	Oct. 2	Dec. 31
2022	Apr. 2	Jul. 2	Oct. 1	Dec. 31



Risk factors

The discussion of the company's business and operations should be read together with the risk factors contained in Item 1A of its 2021 Annual Report on Form 10-K, filed with the Securities and Exchange Commission, which describe various risks and uncertainties to which the company is or may become subject. If any of the described events occur, the company's business, results of operations, financial condition, liquidity, or access to the capital markets could be materially adversely affected.

Information Relating to Forward-Looking Statements

This presentation includes "forward-looking" statements, as the term is defined under the federal securities laws, including but not limited to statements regarding: Arrow's future financial performance, including its outlook on financial results for the first quarter of fiscal 2022, such as sales, net income per diluted share, non-GAAP net income per diluted share, average tax rate, average diluted shares outstanding, interest expense, average USD-to-Euro exchange rate, impact to sales due to changes in foreign currencies, intangible amortization expense per diluted share, restructuring & integration charges per diluted share, and expectation regarding market demand. These forward-looking statements are subject to numerous assumptions, risks, and uncertainties, which could cause actual results or facts to differ materially from such statements for a variety of reasons, including, but not limited to: potential adverse effects of the ongoing global COVID-19 coronavirus pandemic, including actions taken to contain or treat COVID-19, industry conditions, changes in product supply, pricing and customer demand, competition, other vagaries in the global components and global enterprise computing solutions markets, changes in relationships with key suppliers, increased profit margin pressure, foreign currency fluctuation, changes in legal and regulatory matters, non-compliance with certain regulations such as export, anti-trust, and anti-corruption laws, foreign tax and other loss contingencies, and the company's ability to generate cash flow. For a further discussion of these and other factors that could cause the company's future results to differ materially from any forward-looking statements, see the section entitled "Risk Factors" in the company's reports on Form 10-K and Form 10-Q and subsequent filings made with the Securities and Exchange Commission. Shareholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The company undertakes no obligation to update publicly or revise any of the forward-looking statements.

Certain Non-GAAP Financial Information

In addition to disclosing financial results that are determined in accordance with accounting principles generally accepted in the United States (“GAAP”), the company also provides certain non-GAAP financial information relating to sales, gross profit, operating income, income before income taxes, provision for income taxes, net income, net income per share on a diluted basis, effective tax rate, return on working capital, and return on invested capital.

The company provides non-GAAP sales, gross profit, operating income, income before income taxes, provision for income taxes, net income, net income per share on a diluted basis, effective tax rate, return on working capital, and return on invested capital, which are non-GAAP measures adjusted for the impact of changes in foreign currencies (referred to as “changes in foreign currencies”) by re-translating prior period results at current period foreign exchange rates, the impact of notes receivable reserves and recoveries related to the AFS business (referred to as “AFS notes receivable reserves and recoveries”), identifiable intangible asset amortization, restructuring, integration, and other charges, impairments of long-lived assets, impact of the wind down of the company’s personal computer and mobility asset disposition business (referred to as “wind down”), gains and losses on investments, the impact of certain tax adjustments, and pension settlement gains and losses.

The company believes that such non-GAAP financial information is useful to investors to assist in assessing and understanding the company’s operating performance and underlying trends in the company’s business because management considers these items referred to above to be outside the company’s core operating results. This non-GAAP financial information is among the primary indicators management uses as a basis for evaluating the company’s financial and operating performance. In addition, the company’s Board of Directors may use this non-GAAP financial information in evaluating management performance and setting management compensation.

The presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for, or alternative to, sales, operating income, net income and net income per basic and diluted share determined in accordance with GAAP. Analysis of results and outlook on a non-GAAP basis should be used as a complement to, and in conjunction with, data presented in accordance with GAAP. A reconciliation of the company’s non-GAAP financial information to GAAP is set forth in the tables below.



The company believes that such non-GAAP financial information is useful to investors to assist in assessing and understanding the company’s operating performance.

Earnings Reconciliation

(\$ in thousands, except per share data)

Three months ended December 31, 2021

	REPORTED GAAP MEASURE	INTANGIBLE AMORTIZATION EXPENSE	RESTRUCTURING & INTEGRATION CHARGES	AFS RESERVES & RECOVERIES	IMPACT OF WIND DOWN	OTHER ⁽¹⁾	NON-GAAP MEASURE
Sales	\$ 9,016,077	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,016,077
Gross Profit	1,196,378	—	—	—	—	—	1,196,378
Operating income	511,932	9,086	3,754	—	—	—	524,772
Income before income taxes	479,326	9,086	3,754	—	—	(2,046)	490,120
Provision for income taxes	107,838	2,337	854	—	—	(492)	110,537
Consolidated net income	371,488	6,749	2,900	—	—	(1,554)	379,583
Noncontrolling interests	280	143	—	—	—	—	423
Net income attributable to shareholders	\$ 371,208	\$ 6,606	\$ 2,900	\$ —	\$ —	\$ (1,554)	\$ 379,160
Net income per diluted share ⁽²⁾	\$ 5.26	\$ 0.09	\$ 0.04	\$ —	\$ —	\$ (0.02)	\$ 5.37
Effective tax rate	22.5 %						22.6 %

Three months ended December 31, 2020

	REPORTED GAAP MEASURE	INTANGIBLE AMORTIZATION EXPENSE	RESTRUCTURING & INTEGRATION CHARGES ⁽²⁾	AFS RESERVES & RECOVERIES	IMPACT OF WIND DOWN	OTHER ⁽¹⁾	NON-GAAP MEASURE
Sales	\$ 8,454,192	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,454,192
Gross Profit	923,686	—	—	—	(33)	—	923,653
Operating income	321,412	9,376	6,340	(840)	(417)	—	335,871
Income before income taxes	296,318	9,376	6,340	(840)	(412)	(8,531)	302,251
Provision for income taxes	59,342	2,405	(918)	(201)	102	(2,053)	58,677
Consolidated net income	236,976	6,971	7,258	(639)	(514)	(6,478)	243,574
Noncontrolling interests	905	148	—	—	—	—	1,053
Net income attributable to shareholders	\$ 236,071	\$ 6,823	\$ 7,258	\$ (639)	\$ (514)	\$ (6,478)	\$ 242,521
Net income per diluted share ⁽²⁾	\$ 3.08	\$ 0.09	\$ 0.09	\$ (0.01)	\$ (0.01)	\$ (0.08)	\$ 3.17
Effective tax rate	20.0 %						19.4 %

Three months ended October 2, 2021

	REPORTED GAAP MEASURE	INTANGIBLE AMORTIZATION EXPENSE	RESTRUCTURING & INTEGRATION CREDITS	AFS RESERVES & RECOVERIES	IMPACT OF WIND DOWN	OTHER ⁽¹⁾	NON-GAAP MEASURE
Sales	\$ 8,512,391	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,512,391
Gross Profit	1,075,772	—	—	—	—	—	1,075,772
Operating income	404,865	9,202	(3,030)	—	—	—	411,037
Income before income taxes	373,479	9,202	(3,030)	—	—	(1,386)	378,265
Provision for income taxes	82,929	2,353	(689)	—	—	(334)	84,259
Consolidated net income	290,550	6,849	(2,341)	—	—	(1,052)	294,006
Noncontrolling interests	523	147	—	—	—	—	670
Net income attributable to shareholders	\$ 290,027	\$ 6,702	\$ (2,341)	\$ —	\$ —	\$ (1,052)	\$ 293,336
Net income per diluted share ⁽²⁾	\$ 4.00	\$ 0.09	\$ (0.03)	\$ —	\$ —	\$ (0.01)	\$ 4.04
Effective tax rate	22.2 %						22.3 %

(1) Other includes gain on investments, net.

(2) The sum of the components for non-GAAP diluted EPS may not agree to totals, as presented, due to rounding.

Return on Working Capital Reconciliation

(\$ in thousands)

	QUARTER ENDED		YEAR ENDED	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Numerator:	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Consolidated operating income, as reported	\$ 511,932	\$ 321,412	\$ 1,556,822	\$ 894,511
	x4	x4	x1	x1
Annualized after-tax consolidated operating income, as adjusted	\$ 2,047,728	\$ 1,285,648	\$ 1,556,822	\$ 894,511
Non-GAAP consolidated operating income	\$ 524,772	\$ 335,871	\$ 1,609,145	\$ 936,915
	x4	x4	x1	x1
Annualized non-GAAP consolidated operating income	\$2,099,088	\$ 1,343,484	\$ 1,609,145	\$ 936,915
Denominator:				
Accounts receivable, net ⁽¹⁾	11,123,946	9,205,343	9,401,688	8,283,552
Inventories ⁽¹⁾	4,201,965	3,287,308	3,647,146	3,351,088
Less: Accounts payable ⁽¹⁾	9,617,084	7,937,889	8,046,357	7,092,575
Working capital	5,708,827	4,554,762	5,002,477	4,542,065
Return on working capital	35.9 %	28.2 %	31.1 %	19.7 %
Return on working capital (non-GAAP)	36.8 %	29.5 %	32.2 %	20.6 %

(1) The year end balance is an average balance based on the addition of the account balance at the end of the five most recently-ended quarters and dividing by five.

Return on Invested Capital Reconciliation

(\$ in thousands)

	QUARTER ENDED		YEAR ENDED	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Numerator:				
Consolidated operating income, as reported	\$ 511,932	\$ 321,412	\$ 1,556,822	\$ 894,511
Equity in earnings (losses) of affiliated companies ⁽¹⁾	1,323	(839)	3,508	(531)
Less: Noncontrolling interests ⁽¹⁾	280	905	2,271	2,026
Consolidated operating income, as adjusted	512,975	319,668	1,558,059	891,954
Less: Tax effect ⁽²⁾	115,472	64,193	354,044	203,511
After-tax consolidated operating income, as adjusted	397,503	255,475	1,204,015	688,443
	x4	x4	x1	x1
Annualized after-tax consolidated operating income, as adjusted	\$ 1,590,012	\$ 1,021,900	\$ 1,204,015	\$ 688,443
Non-GAAP consolidated operating income	\$ 524,772	\$ 335,871	\$ 1,609,145	\$ 936,915
Equity in earnings (losses) of affiliated companies ⁽¹⁾	1,323	(839)	3,508	(531)
Less: Noncontrolling interests ⁽¹⁾	280	905	2,271	2,026
Non-GAAP consolidated operating income, as adjusted	525,815	334,127	1,610,382	934,358
Less: Tax Effect ⁽³⁾	118,667	65,037	366,746	214,779
After-tax non-GAAP consolidated operating income, as adjusted	407,148	269,090	1,243,636	719,579
	x4	x4	x1	x1
Annualized after-tax non-GAAP consolidated operating income, as adjusted	\$ 1,628,592	\$ 1,076,360	\$ 1,243,636	\$ 719,579
Denominator:				
Average short-term borrowings, including current portion of long-term debt ⁽⁴⁾	\$ 368,267	\$ 162,381	\$ 322,696	\$ 255,538
Average long-term debt ⁽⁴⁾	2,142,102	2,097,841	2,034,077	2,231,394
Average total equity ⁽⁴⁾	5,289,237	4,993,362	5,233,267	4,850,535
Less: Average cash and cash equivalents	219,063	300,317	256,702	261,513
Invested capital	\$ 7,580,543	\$ 6,953,267	\$ 7,333,338	\$ 7,075,954
Return on invested capital	21.0 %	14.7 %	16.4 %	9.7 %
Return on invested capital (non-GAAP)	21.5 %	15.5 %	17.0 %	10.2 %

(1) Operating income, as reported, and non-GAAP operating income is adjusted for noncontrolling interest and equity in losses of affiliated companies to include the pro-rata ownership of non-wholly owned subsidiaries.

(2) The tax effect is calculated by applying the effective tax rate for the three months and year ended December 31, 2021 and 2020 to consolidated operating income, as adjusted less interest expense.

(3) The tax effect is calculated by applying the non-GAAP effective tax rate for the three months and year ended December 31, 2021 and 2020 to non-GAAP consolidated operating income, as adjusted less interest expense.

(4) The quarter ended average is based on the addition of the account balance at the end of the most recently-ended quarter to the account balance at the end of the prior quarter and dividing by two. The year ended average is based on the addition of the account balance at the end of the five most recently-ended quarters and dividing by five.