Q3 2021
Earnings Presentation

October 21, 2021

Genuine Parts Company Snapshot (NYSE: GPC)

KEY STATISTICS[1]

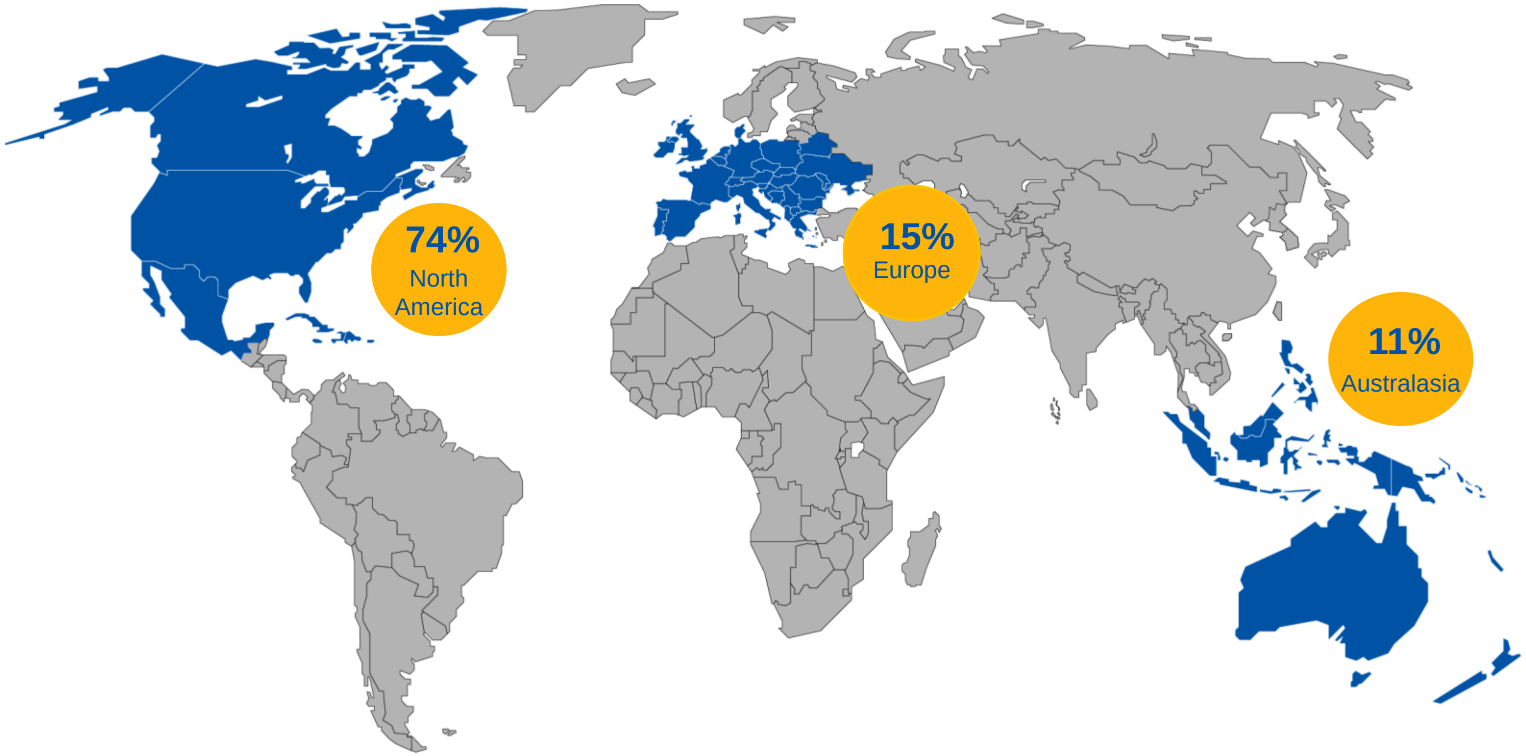
Founded	**1928**
Headquarters	**Atlanta, GA**
Countries Served	**15**
Locations	**~10,600**
• Warehouses	~900
• Distribution Facilities	~190
• Retail (Owned/Independent)	~9,500
Employees	**~52,000**
Market Capitalization[2]	**~$18.5B**

TTM FINANCIAL HIGHLIGHTS[1]

Revenue	**$18.3B**
• Automotive	66%
• Industrial	34%
Segment Profit Margin[3]	**8.9%**
Free Cash Flow[4]	**~$1.4B**
Dividend Yield[5]	**2.7%**

GLOBAL FOOTPRINT

TTM Revenue by Region[1]



Leading Global Distributor in Diversified End Markets

[1] As of 9/30/21 [2] As of 10/20/21 [3] See Appendix C [4] See Appendix D [5] Calculated based on annual dividend per share divided by share price as of 9/30/21

Safe Harbor Statement

FORWARD-LOOKING STATEMENTS: Some of the comments made during this conference call and information contained in our presentation 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 remainder of the year, the Company’s ability to execute our strategic priorities and capitalize in light of these business and economic trends, and the updated full-year 2021 financial guidance for the Company. The Company cautions that all forward-looking statements involve risks and uncertainties, and while we believe that our expectations for the future are reasonable in view of currently available information, you are cautioned not to place undue reliance on our forward-looking statements. Actual results or events may differ materially from those indicated as a result of various important factors. Such factors may include, among other things, the extent and duration of the disruption to our business operations caused by the global health crisis associated with the COVID-19 pandemic, including the effects on the financial health of our business partners and customers, on supply chains and our suppliers, on vehicle miles driven as well as other metrics that affect our business, and on access to capital and liquidity provided by the financial and capital markets; the Company’s ability to maintain compliance with its debt covenants; the Company's ability to successfully integrate acquired businesses into the Company’s operations and to realize the anticipated synergies and benefits; the Company's ability to successfully implement its business initiatives in its two business segments; changes in demand for the Company's products; the ability to maintain favorable supplier arrangements and relationships; disruptions in global supply chains and in our suppliers' operations, including as a result of the impact of COVID-19 on our suppliers and our supply chain; changes in national and international legislation or government regulations or policies, including changes to import tariffs, environmental and social policy, infrastructure programs and privacy legislation, and their impact to the Company and its suppliers and customers; changes in general economic conditions, including unemployment, inflation (including the impact of tariffs) or deflation and the United Kingdom's exit from the European Union and the unpredictability of the impact following such exit; changes in tax policies; volatile exchange rates; volatility in oil prices; significant cost increases, such as rising fuel and freight expenses; the Company's 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 the Company's information systems, and the other risks and uncertainties discussed in the Company’s latest SEC filings. The statements speak only as of the date they are made, and the Company undertakes no duty to update any forward-looking statements made during this presentation or in these materials except as required by law. Actual results may vary materially and, as such, you are cautioned not to place undue reliance on these forward-looking statements.

NON-GAAP MEASURES: This presentation contains adjusted net income from continuing operations, adjusted diluted earnings per share from continuing operations, adjusted EBIT and adjusted EBITDA from continuing operations, adjusted gross profit, adjusted operating expenses, adjusted tax rate, segment profit margin and free cash flow, which are financial measures that are not derived in accordance with United States generally accepted accounting principles ("GAAP"). The Company considers these non-GAAP measures useful to investors because they provide greater transparency into management’s view and assessment of the Company’s core operating performance. These measures are widely used by analysts, investors and competitors in our industry, although our calculation of the measure may not be comparable to similar measures disclosed by other companies, because not all companies and analysts calculate these measures in the same manner. The Company does not, nor does it suggest investors should, consider non-GAAP financial measures superior to, in isolation from, or as a substitute for, GAAP financial information. The Company has included reconciliations of this additional information to the most comparable GAAP measure in the appendix of this presentation.

Q3 Highlights

Paul Donahue
Chairman & CEO

Key Messages

01 Strong financial performance due to consistent execution of strategic priorities as the global markets continue to recover

02 Generating positive momentum in both sales and operating results and well-positioned for both near-term and long-term growth

03 Despite inflationary pressures, margins reflect success of category management initiatives and cost control efforts

04 Strategic efforts with global supplier partners have prevented significant shortfalls in inventory levels, allowing us to deliver quality customer service

Execution Driving Momentum and Well-Positioned to Gain Share

3Q21 Performance Highlights[1]

Financial Update

- $4.8B Total Sales[2], +10.3%, and +11% from 2019
  - ✓ Monthly daily sales[3] trends strongest in September
  - ✓ Automotive benefiting from continued focus on key growth areas and market tailwinds
  - ✓ Industrial recovery driven by strengthening economy and customer activity
- Segment Margin Expansion of 30 bps to 9.3% – strongest margin in two decades
  - ✓ 16th consecutive quarter of gross margin improvement
  - ✓ Ongoing progress in cost savings and other initiatives
- Net Income of $229M; $1.59 Diluted EPS
- Adjusted Net Income[4] of $270M; $1.88 Adjusted Diluted EPS[4], +15% and a new quarterly record

Balance Sheet and Cash Flow

- Strong Balance Sheet and Cash Flow; Strategy in place for disciplined and effective capital allocation
  - ✓ Re-investment in businesses, dividends, share repurchases and M&A
- $919M in Cash; $2.4B in Liquidity
- Effective Management of Key Working Capital Accounts – A/R, Inventory and A/P
  - ✓ Continued improvement in cash conversion cycle
- Improving Debt Position; Total Debt to TTM Adjusted EBITDA[4] at 1.5x v. 2.2x on September 30, 2020
- Strong Cash from Operations
  - ✓ Driven by increase in net income and working capital improvement

Strong Financial Performance and Financial Capacity

[1] For Continuing Operations Only; See Appendix A for Sales and EPS bridge; [2] Sales exclude divestitures [3] See Appendix B for definition; [4] Refer to Reconciliation of Non-GAAP measures

Automotive: Highlights, Trends and Initiatives

Automotive – Total sales +8%; New Record for Quarterly Sales Volume

Comp Sales[1] +5%; 2-Year Stack +7%; Segment Profit Margin 8.8%, -20 bps; 2-Year Stack +80 bps

MACRO

- **Tailwinds:**
  - Reopening of economy and improving miles driven
  - Robust used car market
  - Improving aftermarket fundamentals
- **Headwinds:**
  - COVID-19 uncertainties
  - Global supply chain constraints
  - Impact of inflation on costs
  - Rising fuel prices and transportation costs
- **Strong long-term industry fundamentals**
  - Growing and aging car parc

NORTH AMERICA

Total U.S. Sales +9%; +8% 2-Year Stack

- **+8% comp sales[1]; +5% 2-Year Stack**

- Strong demand for exhaust, ride control, brakes and T&E products
- **Positive DIFM and DIY sales, with DIFM outperforming DIY – both strong**
- Major Accounts & AutoCare +DD
- Fleet/Gov't & Other Wholesale +HSD
- B2C digital investments driving sustained Retail strength
  - YOY sales 40%+; 2x from 2019
  - **Total Canadian Sales +1%; +3% 2-Year Stack**
  - Flat comps from 2020 and 2019
  - Easing of lockdowns to improve demand

EUROPE

Total European Sales +8%; +23% 2-Year Stack

- **+2.5 comp sales[1]; +14% 2-Year Stack**

- Solid results across countries, with DD total growth in UK and Benelux
- **Stable market conditions leading to steady growth across operations**
  - Focus on key account development
  - Leading inventory availability
  - Excellent customer service
- Ongoing benefit of NAPA brand roll-out across markets with broadening offer of 17 current product lines
- **Expansion into Ireland with J&S acquisition Aug 2021**

AUSTRALASIA

- **Total Australasian Sales +2%; 2-Year Stack +18%**
  - **Comp sales[1] Flat; +15% 2-Year Stack**
- DIFM > DIY
- **Maximizing sales opportunities through short-term lockdowns**
  - Significant restrictions in major Australian and New Zealand markets throughout Q3
  - October re-opening to improve demand
- **Accelerated digital strategy across B2B and B2C**
- Expansion of NAPA store strategy across Asia Pac
  - 58 NAPA stores on September 30, 2021

STRATEGIC INITIATIVES IN AUTOMOTIVE

- Sales team effectiveness – more sales reps focused on end-user customer
- Commercial sales programs and promotions – NAPA AutoCare
- Improving inventory availability to ensure more parts for more cars
- Strengthen supply chain through supplier relationships and network optimization
- Omni-channel investments – B2B and B2C – new catalog and search capabilities
- Strategic pricing services and tools to maximize competitiveness
- Value-add services and roll-out of NAPA brand in Europe and Australasia
- Investments to expand our global store footprint across geographies

[1] See Appendix B for definition

Industrial: Highlights, Trends and Initiatives

Industrial – Total sales +15%

Comp Sales[1] +13%; 2-Year Stack +4%; Segment Profit Margin 10.3%, +140 bps; 2-Year Stack +220 bps

MACRO

- **Continued improvement in Industrial sales trends**
- Ongoing strengthening of industrial economy
- **Strong growth outlook for plant automation and robotics solutions**
- Following manufacturing PMI and industrial production as industrial demand indicators – both showing improving trends
  - PMI consistently strong; 61.1 in September
  - Industrial production +4.3% in 3Q
- **Projecting positive comp sales over balance of 2021**

NORTH AMERICA

- **Strengthening industrial economy and growth initiatives driving improved sales trends**
- Second consecutive quarter of double-digit sales comps
  - Better sales trends among virtually all product categories and industries served
- **Continuing expansion of value-add businesses**
  - **Focus areas: Automation, Conveyance and Repairs**
- Customers operating at higher run rates and releasing capital project orders

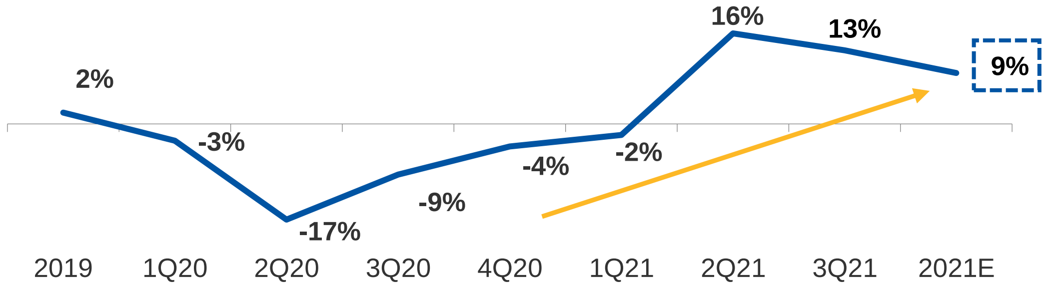
AUSTRALASIA

- Strong sales growth and excellent operating results
- Steady recovery to pre-pandemic sales levels

STRATEGIC INITIATIVES IN INDUSTRIAL

- Omni-channel buildout to accelerate e-commerce growth
- Expand industrial services and solutions capabilities
- Considering strategic M&A to further boost products/services offering
- Strategically enhanced pricing and product category management
- Network optimization and automation to further improve productivity

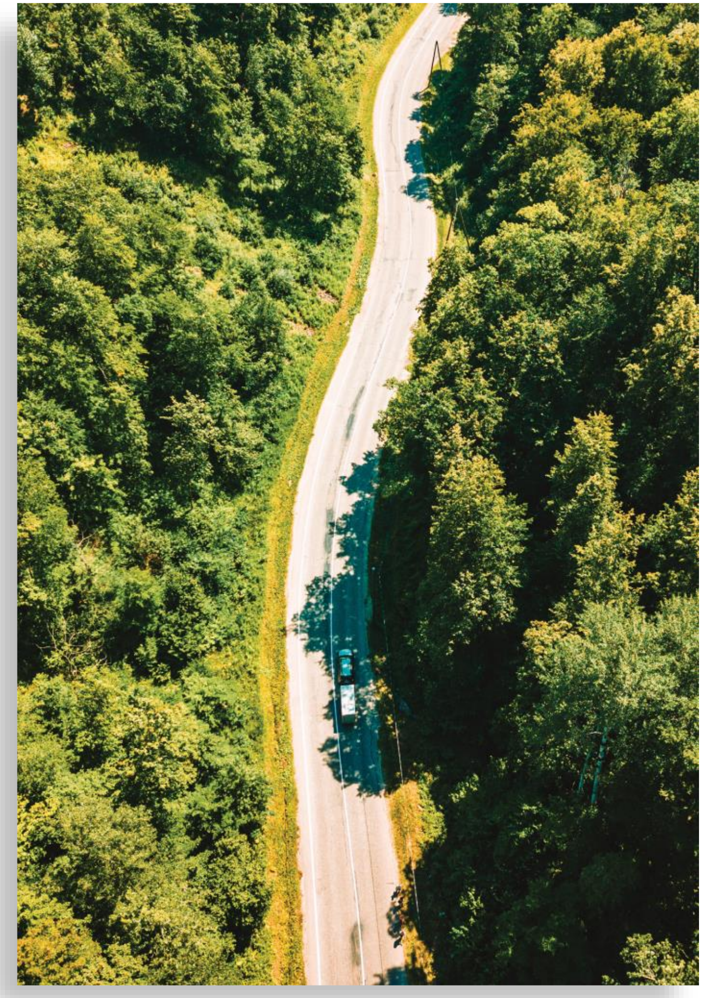
PATH TO POSITIVE COMP SALES TRENDS[1]



[1] See Appendix B for definition

Continued Progress Towards ESG Initiatives

- Published 2021 Sustainability Report update
- Progress in promoting diversity, equity and inclusion – New DE&I Director and formation of a DE&I Council
- Continued steps to reduce environmental footprint of operations by reducing energy and emissions while increasing recycling opportunities across the globe
- Formalizing carbon emissions reduction plan and climate risk management strategy



Providing for our Environment, Teammates and Communities

Strategic Initiative Update

Will Stengel
President

Investing in Our Core Business

Talent	Sales Effectiveness	Digital	Supply Chain	Emerging Technology
• **Recognize** high potential **talent**, **infuse** new **capabilities** into the organization and **recruit diverse talent**	• **Utilize data and analytics** to **understand our unique customer segments** and **drive increasing mix of traditional selling and digital strategies**	• Deliver a **best-in-class customer experience** and **profitable growth** while **investing in foundational digital elements**	• 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**	• Aspire to **lead in emerging technologies**, leveraging our unique positioning, global scale and One GPC team approach

✓ **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

Teamwork and Partnership

•Celebrate and Thank Our Teammates

✓ Energized by **positive attitudes, strong team alignment and visible excitement** about GPC's momentum and vision

✓ **Re-emergence of in-person team events**
- U.S. Automotive general management team
- U.S. Motion executive and field leaders
- AAG executive leadership team
- Employee appreciation for Atlanta-based field support teams

•Engaged with Customers & Supplier Partners

✓ **Reinforces** strategic **priorities**

✓ **Affirms** unique **GPC** customer **value proposition**

✓ Key themes: **growth**, **technology** solutions, **supply chain** excellence, product and technical **expertise** and **long-standing local relationships**

✓ **Drives action** to jointly problem solve and plan for future

Talent and Technology

•Focus on Talent Investments

- ✓ **Review of our global GPC employee value proposition and talent initiatives**
- ✓ Action to **lead, recognize and ensure the wellbeing of our teams**, including:
  - Streamlining recruiting processes
  - Introducing new wellness incentives
  - Improving holiday schedules and vacation flexibility and eligibility
  - Investing in healthcare costs
  - Improving tuition reimbursement programs
  - Relaxing dress code policies

•Execute Digital, Technology & M&A

- ✓ **Build high-performing teams** that engineer **technology to solve customers' problems**
- ✓ **Agreement to acquire Auto Accessories Garage**, a leading **digital platform** specializing in automotive accessories (estimated annual sales of $30M)
- ✓ **Expansion into Ireland with J&S acquisition** in 3Q (estimated annual sales €35M)

AutoAccessories GARAGE

J&S AUTOMOTIVE

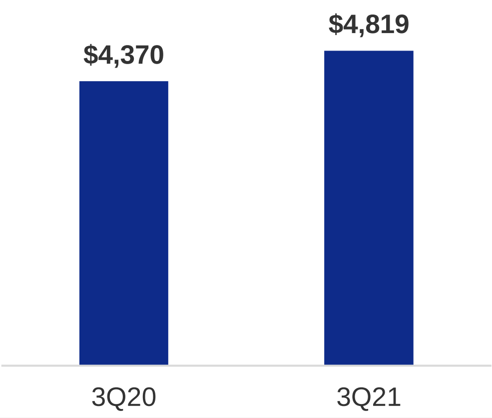
Financial Performance

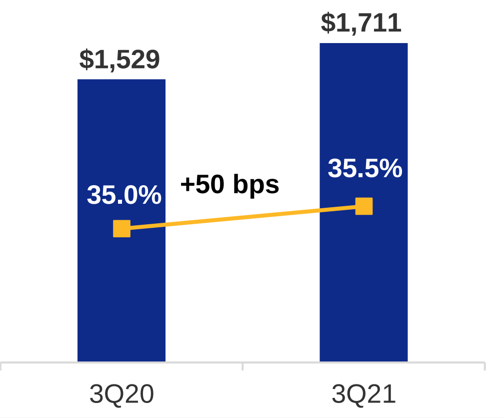
Carol Yancey
EVP & CFO

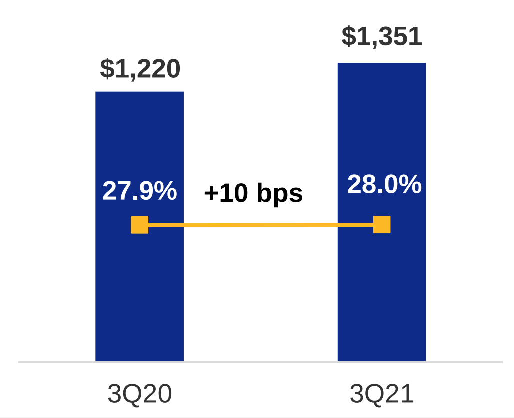
3Q21 Financial Results

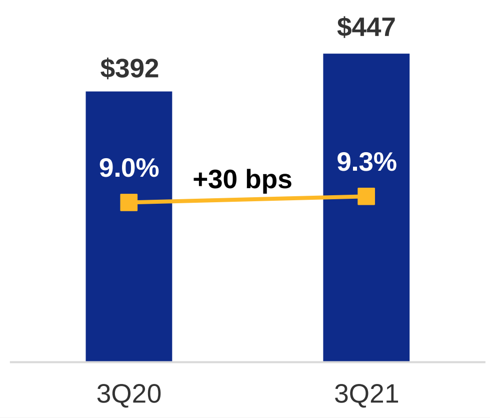
($M, except per share data)

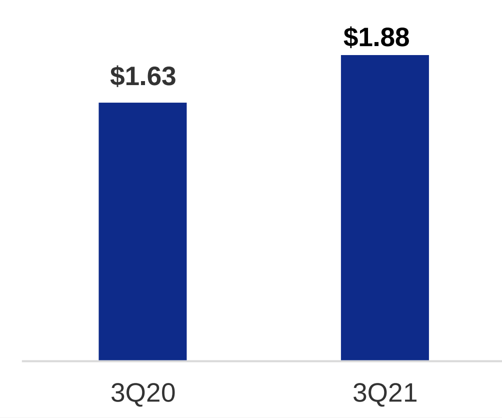
Sales	Adj. Gross Profit[1]	Adj. Op/Non-Op Expenses[1]	Segment Profit[1]	Adj. Diluted EPS[1]
+10.3%	+11.9%	+10.7%	+14 .1%	+15.3%











Sales

- **+7.6% comp sales[2]**
  - Business and economic recovery across business segments and regions
  - Execution of sales initiatives
  - ~2% product cost inflation
- +1.8% acquisitions
- +0.9% foreign currency/other

Adj. Gross Profit

- **16 consecutive quarterly increases in Gross Margin**
- Driven by benefits of:
  - Supplier incentives/rebates on increase in purchase volumes
  - Strategic category mgmt. initiatives
  - Pricing initiatives
  - Global sourcing

Adj. Op/Non-Op Expenses

- **Operating in-line with plans for the year**
- $60M temporary savings in Q3 2020
- Increase in variable costs related to $450M sales growth
- Rising cost pressures
  - Wages/incentive comp
  - Freight; rents; health insurance
- Investments in productivity projects
- Tailwinds
  - Greater automation/efficiencies
  - Facility consolidations to optimize network

Segment Profit

- **Strong operating margin expansion in Industrial**
- Gross margin expansion in both Automotive and Industrial
- Ongoing expense management and operational efficiencies, despite comparison to prior year temporary saving
- **+130 bp margin improvement on a 2-Year Stack**

Adj. Diluted EPS

- **5th consecutive quarter of double-digit adj. diluted EPS growth**
- Reported earnings per diluted share
  - $1.59 in 3Q21
  - $1.61 in 3Q20
- Adj. tax rate[1] 24.9% compared to a rate of 23.4% in 3Q20
  - Income mix shift to higher tax jurisdictions

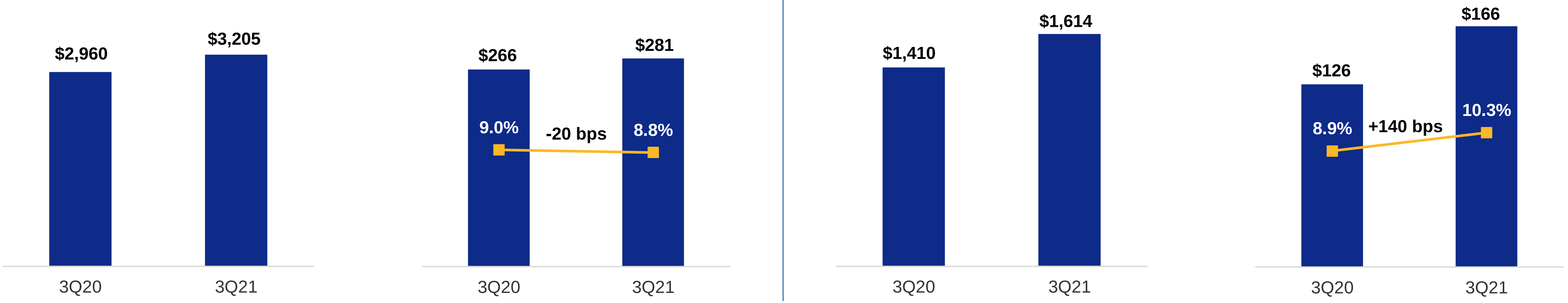
Note: All comparisons are YoY unless otherwise stated [1] Adjusted gross profit, adjusted op / non-op expenses, segment profit, adjusted diluted EPS and adjusted tax rate exclude certain items that the Company believes are not representative of our continuing operations and impact comparability. These amounts are non-GAAP measures (See Reconciliation of Non-GAAP Measures) [2] See Appendix B for definition

3Q21 Segment Performance

($M)

Automotive | Industrial

Automotive Sales	Automotive Segment Profit[2]	Industrial Sales	Industrial Segment Profit[2]
+8.2%	+5.6%	+14.5%	+31.9%



Automotive Highlights

- **Total sales +8%; +15% from 2019**
- Positive DIFM and DIY growth, with **DIFM outperforming DIY**
- Sales improvement a function of economic recovery and growth initiatives
- **Strong core growth and operating performance**
- **+80 bp margin improvement on a 2-Year Stack**
  - PY margin includes temporary COVID savings

Industrial Highlights

- **Total sales +15%; +5%[1] from 2019**
- Strengthening core growth in-line with industrial economic recovery
- 13% comp sales[3] increase
- **Strong operating results; +220 bp margin improvement on a 2-Year Stack**
  - Improved profit margin in both markets/regions for the 4th consecutive quarter
  - PY margin includes temporary COVID savings

Note: All comparisons are YoY unless otherwise stated. [1] Sales exclude divestitures [2] These amounts are non-GAAP measures (See Reconciliation of Non-GAAP Measures) [3] See Appendix B

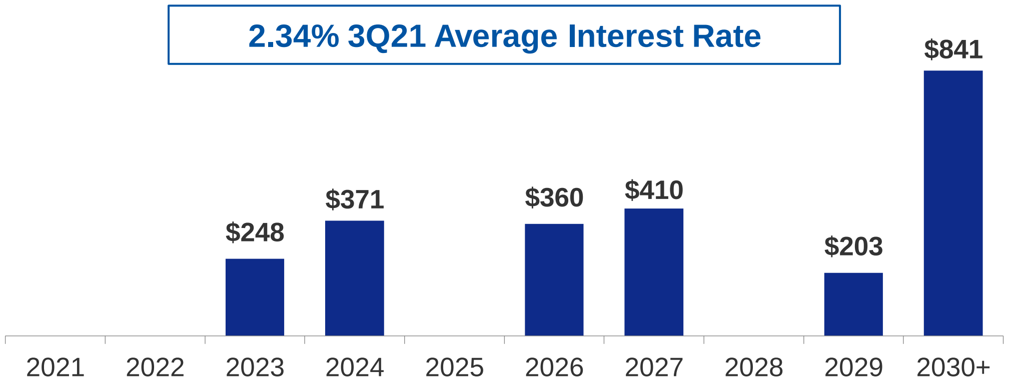
Strong Balance Sheet and Robust Cash Generation

BALANCE SHEET HIGHLIGHTS[1]	($B)
Cash / Cash Equivalents	$0.9
Accounts Receivable	$1.9
Inventory	$3.8
Total Assets	**$14.0**
Accounts Payable	$4.8
Total Debt	$2.4
Total Liabilities	**$10.8**
Working Capital[2]	$1.2

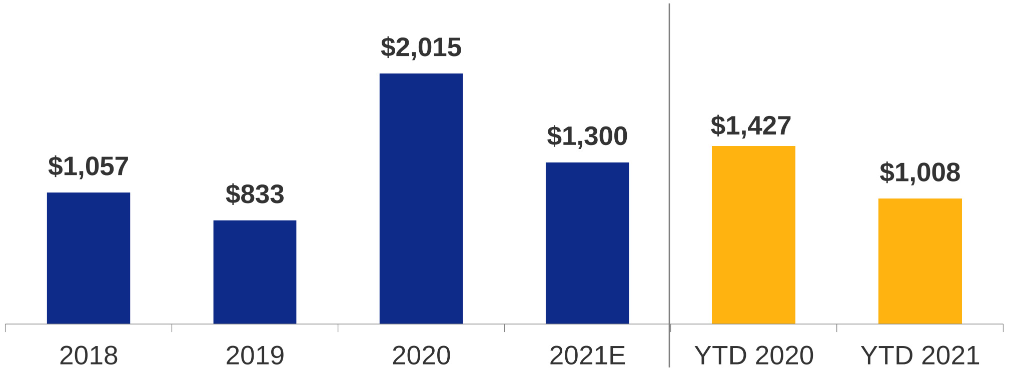
LIQUIDITY PROFILE[1]	($B)
Total Credit Capacity[3]	$3.9
Less Total Debt:	($2.4)
Unused Credit Capacity	$1.5
Cash	$0.9
Total Available Liquidity	**$2.4**

Total debt to adj EBITDA (TTM)[4] — **1.5x**

DEBT MATURITY SCHEDULE[1] ($M)



CASH FLOW FROM OPERATIONS ($M)

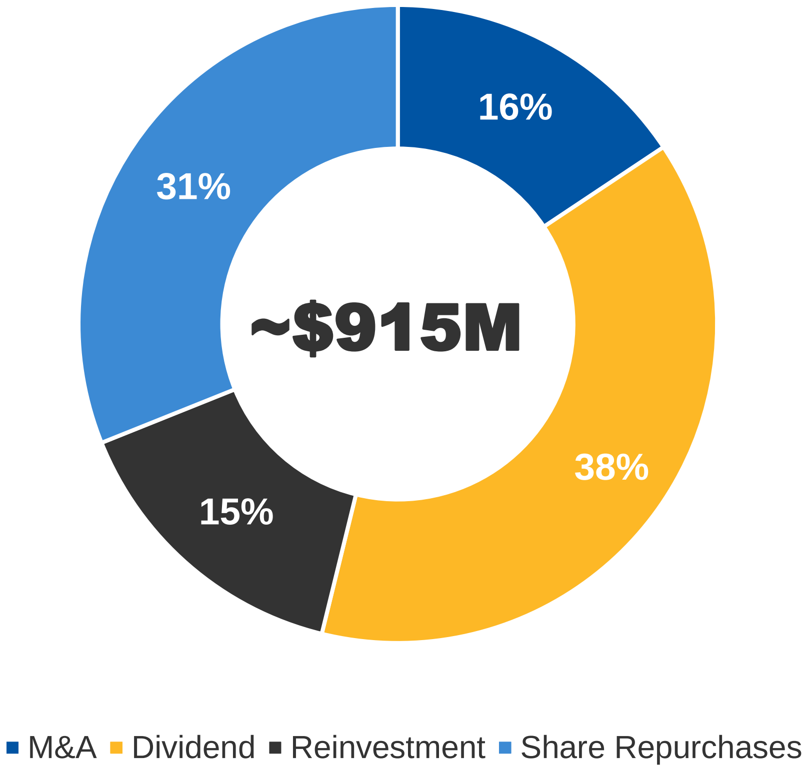


- **Continued strong cash flow** to support growth initiatives and effective allocation of capital
- **Steady debt position and favorable financial arrangements**
- **Total debt to TTM adjusted EBITDA[4] improved to 1.5x from 2.2x on September 30, 2020**

[1] As of 9/30/2021 [2] Working capital is defined as current assets less current liabilities [3] Total credit capacity represents total committed capacity under the revolving credit facility plus the amount of all other debt outstanding [4] These amounts are Non-GAAP measures (See Reconciliation of Non-GAAP Measures)

Disciplined Capital Allocation

YTD 2021 Capital Deployment



Current Priorities

Reinvestment

- $138M CapEx YTD; Projecting 2021 CapEx of ~$250M

M&A

- $143M spend YTD; Targeting additional acquisitions

Share Repurchases

- $284M spend YTD; 2.2M shares repurchased and plans for continued share buy-backs

Dividend

- 2021 cash dividend of $3.26 per share, +3% from 2020
- 65th consecutive year of increased dividends paid to our shareholders
- $349M spend YTD

Strong Cash Flow for Effective Capital Allocation

2021 Outlook[1]

	Current	Previous
Total Sales Growth	**12% to 13%**	10% to 12%
• Automotive	**14% to 15%**	11% to 13%
• Industrial	**10% to 11%**	6% to 8%
Diluted EPS	**$5.92 to $5.97**	$5.81 to $5.96
Adjusted EPS	**$6.60 to $6.65**	$6.20 to $6.35
Adjusted EPS Growth	**25% to 26%**	18% to 20%
Cash from Operations	**$1.2B to $1.4B**	$1.2B to $1.4B
Free Cash Flow[2]	**$950M to $1.15B**	$900M to $1.1B

ASSUMPTIONS

- Corporate expenses ~$165M to $170M
- Capex ~$250M
- Depreciation and amortization $285M to $290M
- Interest expense $63M to $65M
- Tax rate ~25%

Strong Outlook with Strategic Growth Plans

[1] Our guidance considers several factors, including the continued uncertainty related to the COVID-19 pandemic and its potential impact on our results. We will update full-year guidance during 2021, as appropriate. [2] These amounts are non-GAAP measures (See Reconciliation of Non-GAAP Measures)

Positive Outlook for Global Businesses

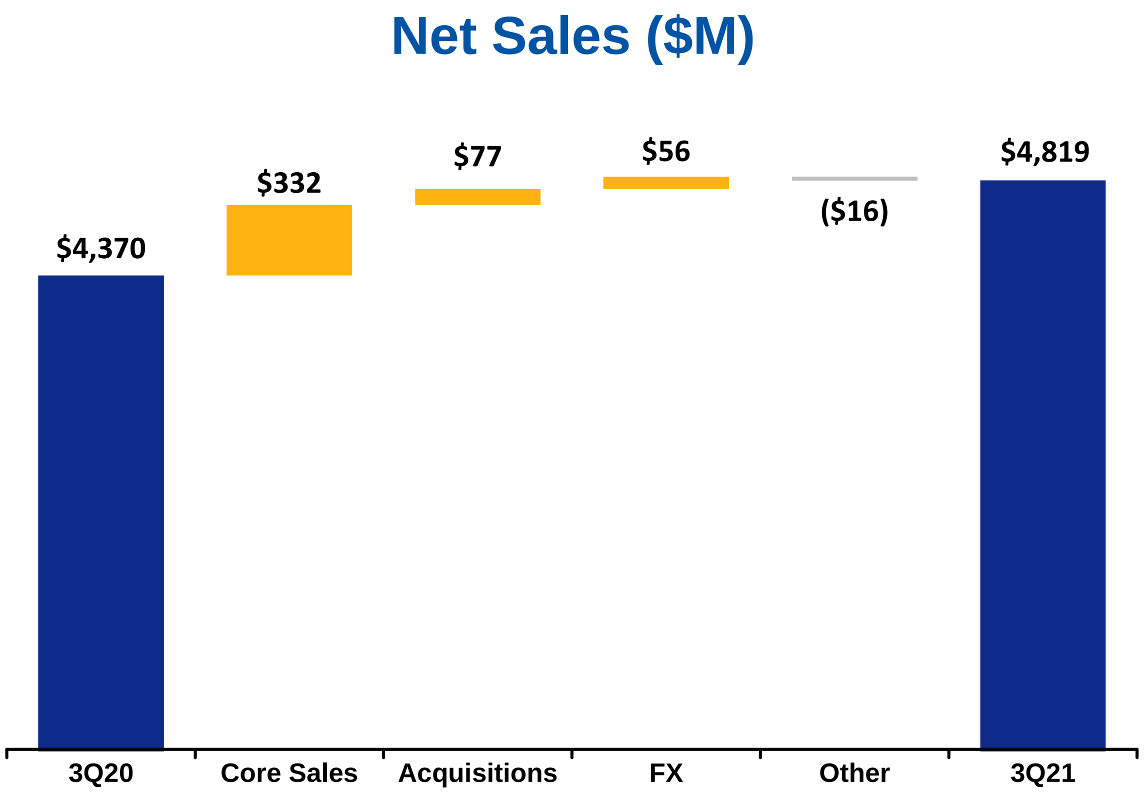
- Progress in driving profitable growth, strong cash flow and shareholder value
- Optimistic for continued Automotive and Industrial recovery and improving fundamentals
- Confident in strategic plans to capture long-term growth and margin expansion
- Strong balance sheet for flexibility and capacity to pursue strategic growth opportunities
- Thanks to all our GPC teammates for continued focus and execution of strategic priorities as One GPC Team

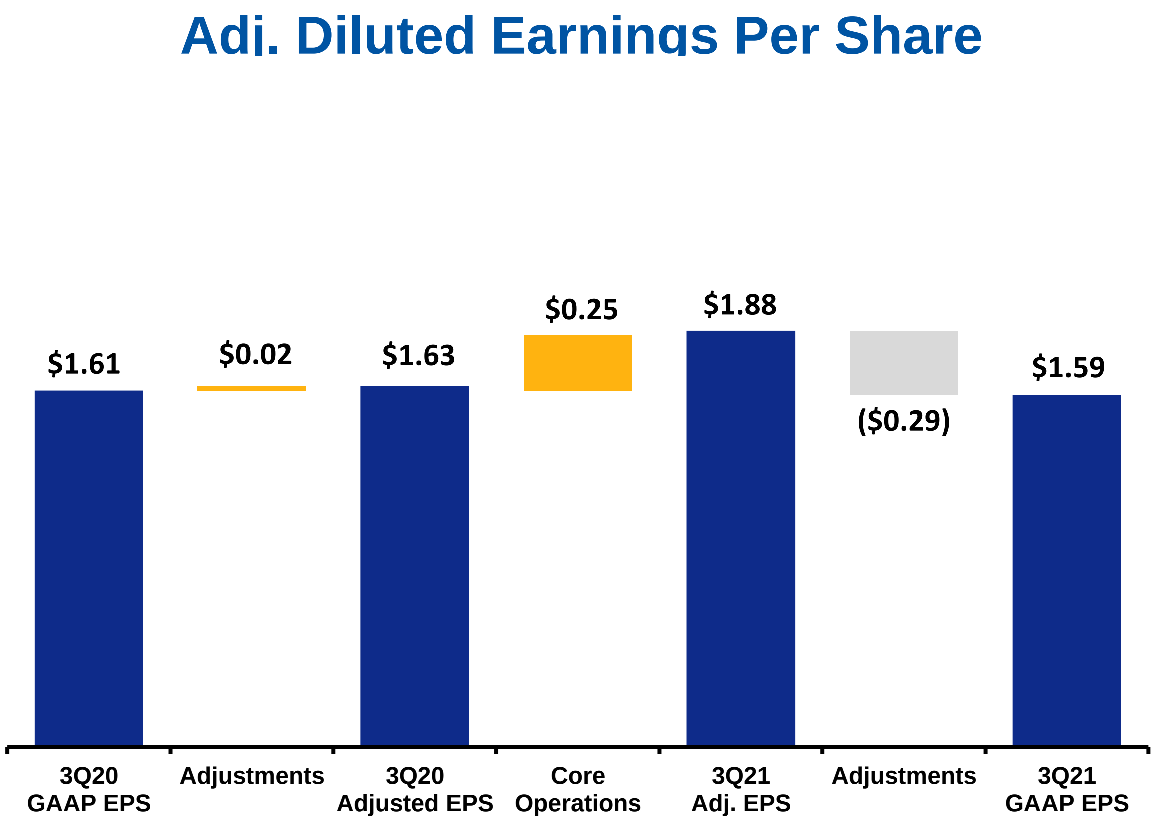
Well-Positioned for Future Growth

Q&A

Appendix

Consolidated Net Sales and Adj. Diluted EPS Bridge





Other Information

Appendix B

Comparable Sales: Comparable sales or “comp sales” refer to period-over-period comparisons of our sales excluding the impact of acquisitions, divestitures and foreign currency. The Company considers this metric useful to investors because it provides greater transparency into management’s view and assessment of the Company’s core ongoing operations. This metric is widely used by analysts, investors and competitors in our industry, although our calculation of the metric may not be comparable to similar measures disclosed by other companies, because not all companies and analysts calculate this metric in the same manner.

Daily Sales: Daily sales represents the amounts invoiced to the Company's customers each day. Daily sales do not represent GAAP-based sales because, among other things, invoices are not always generated at the same time goods and services are delivered to customers and the amounts do not include adjustments for estimates of returns, rebates or other forms of variable consideration. Management uses this metric to monitor demand trends at each of its subsidiaries throughout each month for the purposes of monitoring performance against forecasts and to make operational decisions. The Company considers this metric useful to investors because it provides greater transparency into management’s view and assessment of the Company’s core ongoing operations. The calculation of this metric may not be comparable to similar measures disclosed by other companies, because not all companies and analysts calculate this metric in the same manner.

Segment Data

Appendix C

(in thousands)	2021 TTM Q3	2021 Q1	2021 Q2	2021 Q3	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Net sales:								
Automotive	$ 12,175,830	$ 2,953,165	$ 3,196,299	$ 3,204,534	$ 2,582,685	$ 2,495,799	$ 2,960,379	$ 2,821,832
Industrial	6,143,065	1,511,549	1,587,439	1,614,315	1,509,841	1,327,428	1,409,707	1,429,762
Total net sales	18,318,895	4,464,714	4,783,738	4,818,849	4,092,526	3,823,227	4,370,086	4,251,594
Segment profit:								
Automotive	1,047,721	235,678	290,758	281,150	142,578	218,906	266,124	240,135
Industrial	574,832	125,292	150,413	165,754	113,933	108,928	125,620	133,373
Total segment profit	1,622,553	360,970	441,171	446,904	256,511	327,834	391,744	373,508
Interest expense, net	(68,936)	(18,324)	(15,362)	(14,167)	(19,868)	(24,876)	(25,221)	(21,083)
Intangible asset amortization	(102,982)	(25,544)	(27,384)	(25,311)	(22,740)	(23,256)	(24,223)	(24,743)
Corporate expense	(162,730)	(31,243)	(51,397)	(47,389)	(55,061)	(28,613)	(33,379)	(32,701)
Other unallocated costs	(207,919)	—	(77,421)	(61,063)	1,751	(555,525)	(11,256)	(69,435)
Income (Loss) before income taxes from continuing operations	1,079,986	285,859	269,607	298,974	160,593	(304,436)	297,665	225,546
Income taxes from continuing operations	(265,563)	(68,149)	(73,111)	(70,389)	(38,247)	(59,065)	(64,747)	(53,914)
Net income from continuing operations	$ 814,423	$ 217,710	$ 196,496	$ 228,585	$ 122,346	$ (363,501)	$ 232,918	$ 171,632
Segment profit margin:								
Automotive	8.6%	8.0%	9.1%	8.8%	5.5%	8.8%	9.0%	8.5%
Industrial	9.4%	8.3%	9.5%	10.3%	7.5%	8.2%	8.9%	9.3%
Total segment profit margin	8.9%	8.1%	9.2%	9.3%	6.3%	8.6%	9.0%	8.8%

Explanation of Adjustments

Appendix D

(1) **Loss on software disposal:** Adjustment reflects a loss on an internally developed software project that was disposed of due to a change in management strategy related to advances in alternative technologies.

(2) **Product liability damages award:** Adjustment reflects damages reinstated by the Washington Supreme Court order on July 8, 2021 in connection with a 2017 automotive product liability claim.

(3) **Goodwill Impairment Charge:** Adjustment reflects a 2020 goodwill impairment charge related to our European reporting unit.

(4) **Restructuring Costs:** Adjustment reflects restructuring costs related to the execution of the 2019 Cost Savings Plan. 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.

(5) **Realized Currency Loss:** Adjustment reflects realized currency losses related to divestitures.

(6) **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.

(7) **Inventory Adjustment:** Adjustment reflects a $40 million charge to cost of goods sold due to the correction of an immaterial error related to the accounting in prior years for consideration received from vendors.

(8) **Transaction and Other Costs:** Adjustment includes incremental costs associated with COVID-19, a loss on investment, and costs associated with certain divestitures. COVID-19 related costs include incremental costs incurred relating to fees to cancel marketing events and increased cleaning and sanitization materials, among other things.

Reconciliation of Non-GAAP Financial Measures

Appendix D

Adjusted Net Income from Continuing Operations

(in thousands)	2021 TTM Q3	2021 Q1	2021 Q2	2021 Q3	2020 Q1	2020 Q2	2020 Q3	2020 Q4
GAAP net income (loss) from continuing operations	$ 814,423	$ 217,710	$ 196,496	$ 228,585	$ 122,346	$ (363,501)	$ 232,918	$ 171,632
Adjustments:								
Loss on software disposal (1)	61,063	—	—	61,063	—	—	—	—
Product liability damages award (2)	77,421	—	77,421	—	—	—	—	—
Goodwill impairment charge (3)	—	—	—	—	—	506,721	—	—
Restructuring costs (4)	11,010	—	—	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (5)	—	—	—	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (6)	—	—	—	—	(12,282)	(1,166)	—	—
Inventory adjustment (7)	40,000	—	—	—	—	—	—	40,000
Transaction and other costs (8)	18,425	—	—	—	7,549	13,555	288	18,425
Total adjustments	207,919	—	77,421	61,063	(1,751)	555,525	11,256	69,435
Tax impact of adjustments	(60,578)	—	(21,322)	(19,167)	(3,810)	(1,500)	(7,423)	(20,089)
Adjusted net income from continuing operations	$ 961,764	$ 217,710	$ 252,595	$ 270,481	$ 116,785	$ 190,524	$ 236,751	$ 220,978

(in thousands, except per share data)	2021 TTM Q3	2021 Q1	2021 Q2	2021 Q3	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Diluted net income (loss) from continuing operations per common share	$ 5.67	$ 1.50	$ 1.36	$ 1.59	$ 0.84	$ (2.52)	$ 1.61	$ 1.18
Adjustments:								
Loss on software disposal (1)	0.42	—	—	0.42	—	—	—	—
Product liability damages award (2)	0.54	—	0.53	—	—	—	—	—
Goodwill impairment charge (3)	—	—	—	—	—	3.51	—	—
Restructuring costs (4)	0.08	—	—	—	0.02	0.17	0.07	0.08
Realized currency loss on divestitures (5)	—	—	—	—	—	0.08	—	—
Gain on insurance proceeds related to SPR Fire (6)	—	—	—	—	(0.08)	(0.01)	—	—
Inventory adjustment (7)	0.28	—	—	—	—	—	—	0.28
Transaction and other costs (8)	0.13	—	—	—	0.05	0.10	—	0.12
Total adjustments	1.45	—	0.53	0.42	(0.01)	3.85	0.07	0.48
Tax impact of adjustments	(0.42)	—	(0.15)	(0.13)	(0.03)	(0.01)	(0.05)	(0.14)
Adjusted diluted net income from continuing operations per common share	$ 6.70	$ 1.50	$ 1.74	$ 1.88	$ 0.80	$ 1.32	$ 1.63	$ 1.52
Weighted average common shares outstanding — assuming dilution	143,589	145,300	144,983	143,589	145,623	144,262	145,035	145,160

(1) Refer to adjusted net income from continuing operations and adjusted diluted earnings per share from continuing operations reconciliation for explanation of pre-tax adjustments

Reconciliation of Non-GAAP Financial Measures (Cont.)

Appendix D

Adjusted EBIT and Adjusted EBITDA

(in thousands)	2021 TTM Q3	2021 Q1	2021 Q2	2021 Q3	2020 Q1	2020 Q2	2020 Q3	2020 Q4
GAAP net income (loss) from continuing operations	$ 814,423	$ 217,710	$ 196,496	$ 228,585	$ 122,346	$ (363,501)	$ 232,918	$ 171,632
interest expense, net	68,936	18,324	15,362	14,167	19,868	24,876	25,221	21,083
Income taxes from continuing operations	265,563	68,149	73,111	70,389	38,247	59,065	64,747	53,914
EBIT	1,148,922	304,183	284,969	313,141	180,461	(279,560)	322,886	246,629
Loss on software disposal (1)	61,063	—	—	61,063	—	—	—	—
Product liability damages award (2)	77,421	—	77,421	—	—	—	—	—
Goodwill impairment charge (3)	—	—	—	—	—	506,721	—	—
Restructuring costs (4)	11,010	—	—	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (5)	—	—	—	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (6)	—	—	—	—	(12,282)	(1,166)	—	—
Inventory adjustment (7)	40,000	—	—	—	—	—	—	40,000
Transaction and other costs (8)	18,425	—	—	—	7,549	13,555	288	18,425
Adjusted EBIT	$ 1,356,841	$ 304,183	$ 362,390	$ 374,204	$ 178,710	$ 275,965	$ 334,142	$ 316,064

(in thousands)	2021 TTM Q3	2021 Q1	2021 Q2	2021 Q3	2020 Q1	2020 Q2	2020 Q3	2020 Q4
GAAP net income (loss) from continuing operations	$ 814,423	$ 217,710	$ 196,496	$ 228,585	$ 122,346	$ (363,501)	$ 232,918	$ 171,632
Depreciation and amortization	288,135	72,296	73,960	72,121	67,254	66,733	69,097	69,758
interest expense, net	68,936	18,324	15,362	14,167	19,868	24,876	25,221	21,083
Income taxes from continuing operations	265,563	68,149	73,111	70,389	38,247	59,065	64,747	53,914
EBITDA	1,437,057	376,479	358,929	385,262	247,715	(212,827)	391,983	316,387
Loss on software disposal (1)	61,063	—	—	61,063	—	—	—	—
Product liability damages award (2)	77,421	—	77,421	—	—	—	—	—
Goodwill impairment charge (3)	—	—	—	—	—	506,721	—	—
Restructuring costs (4)	11,010	—	—	—	2,982	25,059	10,968	11,010
Realized currency loss on divestitures (5)	—	—	—	—	—	11,356	—	—
Gain on insurance proceeds related to SPR Fire (6)	—	—	—	—	(12,282)	(1,166)	—	—
Inventory adjustment (7)	40,000	—	—	—	—	—	—	40,000
Transaction and other costs (8)	18,425	—	—	—	7,549	13,555	288	18,425
Adjusted EBITDA	$ 1,644,976	$ 376,479	$ 436,350	$ 446,325	$ 245,964	$ 342,698	$ 403,239	$ 385,822

(1) Refer to adjusted net income from continuing operations and adjusted diluted earnings per share from continuing operations reconciliation for explanation of pre-tax adjustments

Reconciliation of Non-GAAP Financial Measures

Adjusted Gross Profit

(in thousands)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	QTD Change $ Change	QTD Change % Change
GAAP Gross Profit	$ 1,710,767	$ 1,528,066	$ 182,701	12.0%
Adjustments:				
Transaction and other costs	—	604	(604)	(100.0)%
Total Adjustments (1)	—	604	(604)	(100.0)%
Adjusted Gross Profit	$ 1,710,767	$ 1,528,670	$ 182,097	11.9%
Adjusted Gross Profit as a Percent of GAAP Net Sales	35.5%	35.0%		50 bps

Adjusted Operating and Non-Operating Expenses

(in thousands)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	QTD Change $ Change	QTD Change % Change
GAAP operating and non-operating expenses	$ 1,411,793	$ 1,230,401	$ 181,392	14.7%
Adjustments:				
Loss on software disposal	(61,063)	—	(61,063)	100.0%
Restructuring costs	—	(10,968)	10,968	(100.0)%
Transaction and other costs	—	316	(316)	(100.0)%
Total Adjustments (1)	(61,063)	(10,652)	(50,411)	NM
Adjusted operating and non-operating expenses	$ 1,350,730	$ 1,219,749	$ 130,981	10.7%
Adjusted operating and non-operating expenses as a percent of GAAP net sales	28.0%	27.9%		10 bps

(1) Refer to adjusted net income from continuing operations and adjusted diluted earnings per share from continuing operations reconciliation for explanation of pre-tax adjustments
NM – Not meaningful

Reconciliation of Non-GAAP Financial Measures

Adjusted Tax Rate

(in thousands)	Three Months Ended September 30, 2021	2020
GAAP Income before taxes	$ 298,974	$ 297,665
Total adjustments (1)	61,063	11,256
Adjusted income before taxes	$ 360,037	$ 308,921
GAAP Income taxes	$ 70,389	$ 64,747
Tax impact of adjustments	19,167	7,423
Adjusted income taxes	$ 89,556	$ 72,170
GAAP tax rate	23.5%	21.8%
Adjusted tax rate	24.9%	23.4%

(1) Refer to adjusted net income from continuing operations and adjusted diluted earnings per share from continuing operations reconciliation for explanation of pre-tax adjustments
NM – Not meaningful

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

Free Cash Flow

(in thousands)	TTM September 30, 2021
Net cash provided by operating activities	$ 1,595,534
Less: Purchases of property, plant and equipment	(186,280)
Free Cash Flow	$ 1,409,254

	Updated Outlook YE December 31, 2021
Net cash provided by operating activities from continuing operations	$1.2 billion to $1.4 billion
Purchases of property, plant and equipment	Approximately $250 million
Free Cash Flow	$950 million to $1.15 billion