

July 30, 2019

# SECOND QUARTER 2019 FINANCIAL RESULTS

**Garrett**  
ADVANCING MOTION

## Forward Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements including without limitation our statements regarding our anticipated financial performance, anticipated growth opportunities and production volumes, investments in capital expenditures, market trends, the rebalancing of our portfolio, trends in foreign exchange rates, and projections and explanations regarding our technology solutions. Although we believe forward-looking statements are based upon reasonable assumptions, such statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results or performance of the company to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to those described in our annual report on Form 10-K for the year ended December 31, 2018, as well as our other filings with the Securities and Exchange Commission, under such headings “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements.” You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements.

## Non-GAAP Financial Measures

This presentation includes EBIT, EBITDA, Adjusted EBITDA, Adjusted EBIT, Net Debt, Net Debt to Consolidated EBITDA, Consolidated Debt to Consolidated EBITDA, Adjusted Unlevered Free Cash Flow, Adjusted Levered Free Cash Flow, Levered Free Cash Flow, Consolidated EBITDA, Consolidated EBITDA excluding Honeywell indemnity obligation; Adjusted Levered Free Cash Flow Conversion Rate, Adjusted EBITDA Margin, Consolidated EBITDA Margin, Adjusted EBIT Margin, Adjusted Earnings Per Share (“EPS”), Consolidated EBITDA excluding Honeywell indemnity obligation Margin, Cash flow from operations minus capital expenditures, organic sales growth and other financial measures not compliant with generally accepted accounting principles in the United States (“GAAP”). The Non-GAAP financial measures provided herein are adjusted for certain items as presented in the Appendix containing Non-GAAP Reconciliations and may not be directly comparable to similar measures used by other companies in our industry, as other companies may define such measures differently. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. Garrett believes that Adjusted EBITDA, Adjusted EBITDA Margin, Consolidated EBITDA, Consolidated EBITDA Margin, and Adjusted EBIT are important indicators of operating performance because they exclude the effects of income taxes and certain other expenses, as well as the effects of financing and investing activities by eliminating the effects of interest and depreciation expenses and therefore more closely measures our operational performance. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. For additional information with respect to our Consolidated and Combined Financial Statements, see our Form 10 and annual report on Form 10-K for the year ended December 31, 2018 and our quarterly report on Form 10-Q for the quarter ended June 30, 2019.

## **Additional Disclaimers**

Prior to Garrett's spin-off from Honeywell on October 1, 2018, Garrett's historical financial statements were prepared on a stand-alone basis and derived from the consolidated financial statements and accounting records of Honeywell. Accordingly, for periods prior to October 1, 2018, our financial statements are presented on a combined basis and for the periods subsequent to October 1, 2018 are presented on a consolidated basis (collectively, the historical financial statements for all periods presented are referred to as "Consolidated and Combined Financial Statements"). The Consolidated and Combined Financial Statements have been prepared in accordance with GAAP. The historical consolidated and combined financial information may not be indicative of our future performance and does not necessarily reflect what our consolidated and combined results of operations, financial condition and cash flows would have been had the business operated as a separate, publicly traded company during the periods presented, particularly because of changes that we have experienced and expect to continue to experience in the future as a result of our separation from Honeywell, including changes in the financing, cash management, operations, cost structure and personnel needs of our business.

## **Material Weakness in Internal Control Over Financial Reporting**

In accordance with the terms of our Indemnification and Reimbursement Agreement with Honeywell, our Consolidated and Combined Balance Sheets reflect a liability of \$1,188 million in Obligations payable to Honeywell as of June 30, 2019, (the "Indemnification Liability"). The amount of the Indemnification Liability is based on information provided to us by Honeywell with respect to Honeywell's assessment of its own asbestos-related liability payments and accounts payable as of such date and is calculated in accordance with the terms of the Indemnification and Reimbursement Agreement. Honeywell estimates its future liability for asbestos-related claims based on a number of factors.

As previously disclosed, in the course of preparing our Annual Report on Form 10-K and our Consolidated and Combined Financial Statements for the year ended December 31, 2018, our management determined that there was a material weakness in our internal control over financial reporting relating to the supporting evidence for our liability to Honeywell under the Indemnification and Reimbursement Agreement. Specifically, we were unable to independently verify the accuracy of the certain information Honeywell provided to us that we used to calculate the amount of our Indemnification Liability, including information provided in Honeywell's actuary report and the amounts of settlement values and insurance receivables. For example, Honeywell did not provide us with sufficient information to make an independent assessment of the probable outcome of the underlying asbestos proceedings and whether certain insurance receivables are recoverable. This material weakness has not yet been remediated.

In consultation with our outside advisors, we are working to obtain additional information about the Indemnification Liability through a dialogue and iterative process with Honeywell. That process has continued, and we and our advisors remain in communication with Honeywell on these issues.

# Q2 2019 Highlights

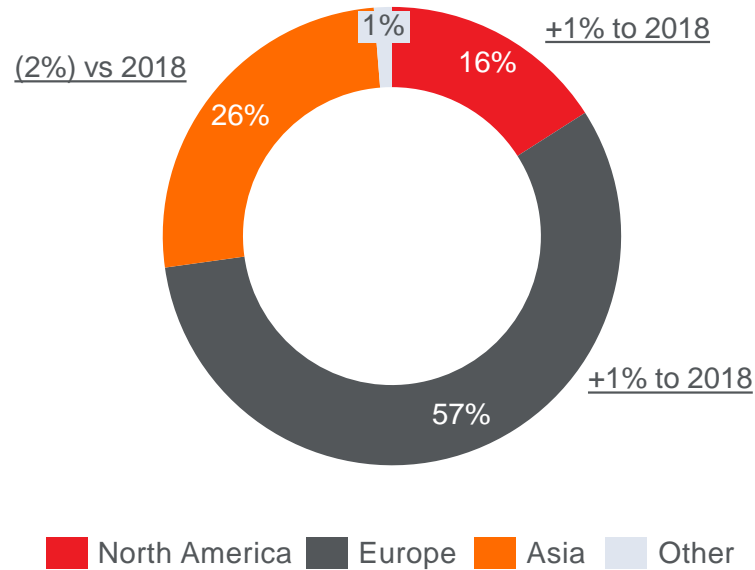
- Net sales of **\$802** million; down **9%** on a reported basis, **4%** organic basis\*
  - Performance driven by lower total volumes and new gasoline product launches
- Net income of **\$66** million vs. \$150 million in Q2 2018
  - Earnings per basic and diluted share were **\$0.88** and **\$0.86**, respectively
- Product portfolio rebalancing towards gasoline products nearing parity
  - Q2 2019 gasoline net sales totaled **31%**, up from 25% in Q2 2018 and 29% in Q1 2019
- Adjusted EBITDA\* of **\$154** million down from \$167 million in Q2 2018 and \$159 million in Q1 2019
- Adjusted EBITDA margin\* of **19.2%**, up from 19.0% in both Q2 2018 and Q1 2019
- Total debt unchanged from Q1 2019
- Revised 2019 guidance driven by lower LV production, slower ramp up LV-Gas launches in China and foreign exchange



\* Reconciliations of Non-GAAP financial measures are included in Appendix.

# Q2 Net Sales by Region and Product Line

## Q2 2019 by Geography<sup>1</sup>

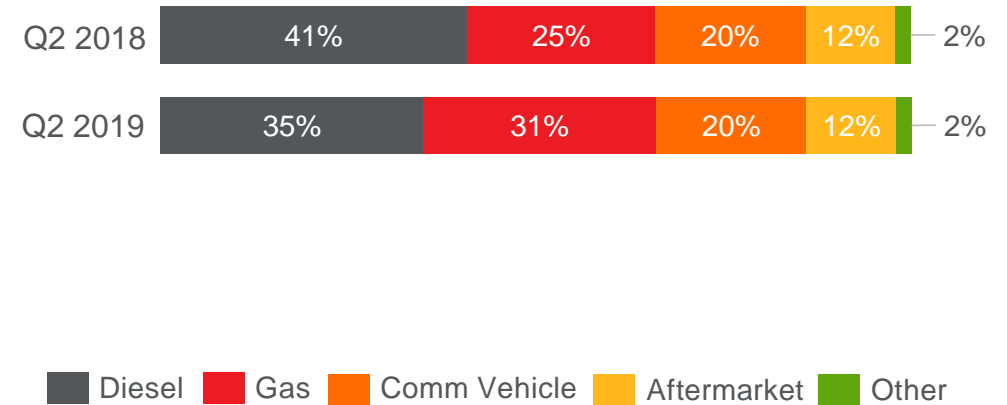


**North America Weight +1%, Europe Weight +1%, Asia Weight (-2%)**

## Q2 2019 by Product Line

**Gas products grew to 31% of net sales**

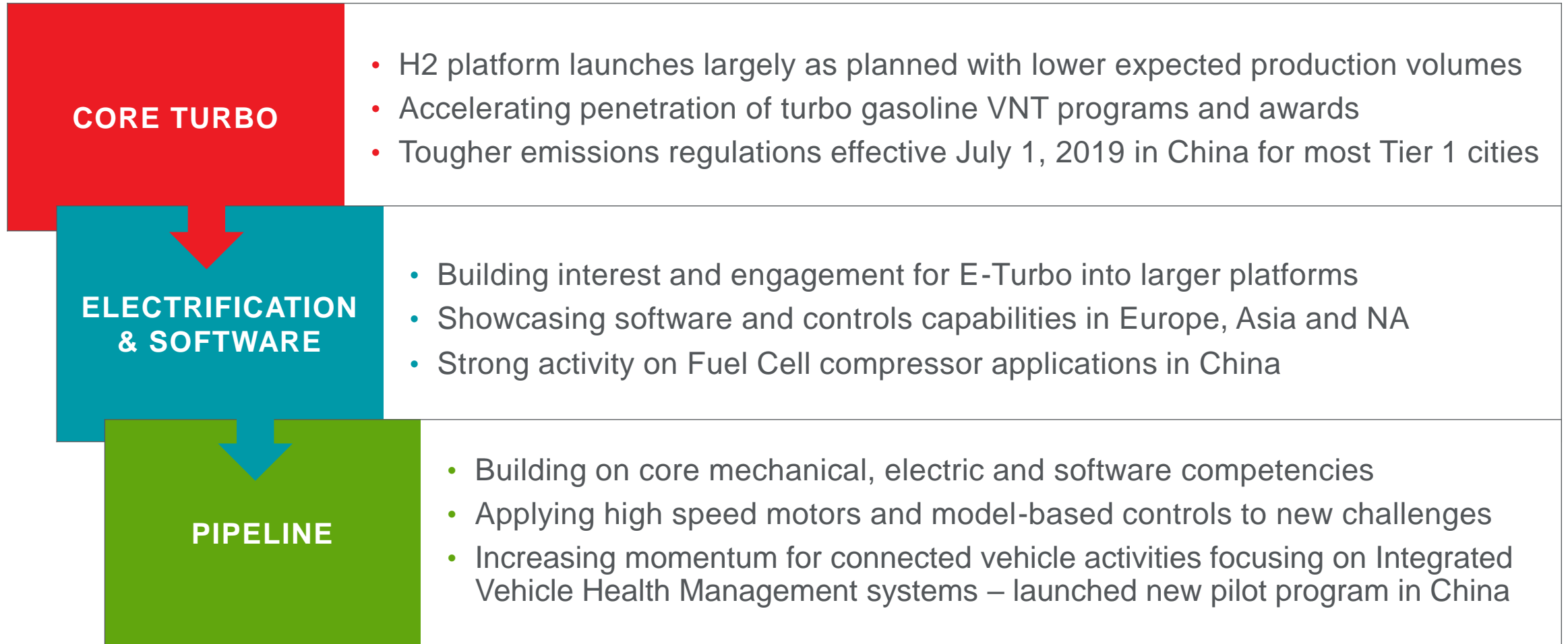
**Commercial Vehicles and Aftermarket products totaled 32% of net sales**



**Gas Weight +6%, Diesel Weight (-6%)**

<sup>1</sup> Figures by geography based on shipped-from basis.

# Technology Growth Strategy



# Key Financial Metrics: Q2 2018 – Q2 2019

(\$M)

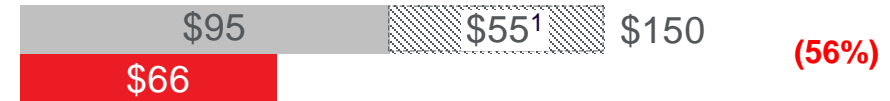
2018  
2019

## Net Sales



*Net sales impacted by slowdown in global auto production*

## Net Income



*Q2 2018 includes \$55M tax benefit<sup>1</sup>*

*Q2 2019 includes \$18M interest expense on debt, not included in 2018*

## Adjusted EBITDA<sup>2</sup>



*Q2 2019 Adjusted EBITDA<sup>2</sup> 19.2% of net sales*

## Adjusted EBIT<sup>2</sup>



*Q2 2019 Adjusted EBIT<sup>2</sup> 17.2% of net sales*

## Capital Expenditures



*Capex 3.7% of net sales*

## Adjusted Levered Free Cash Flow<sup>2 3</sup>



*Comparison to Q2 2018 is impacted by transactions with related parties and carve out adjustments  
2019 impacted by timing of tax and interest payments, and CAPEX*

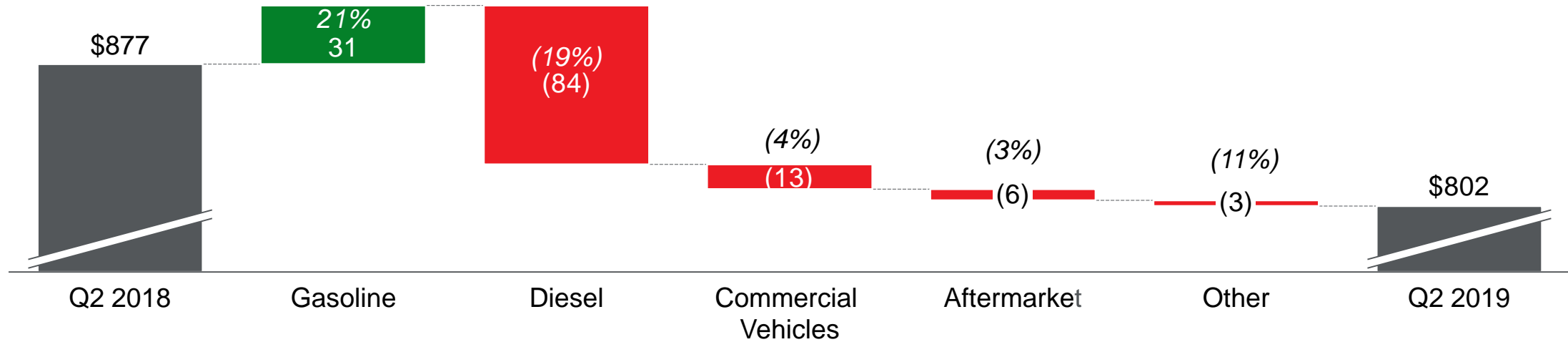
<sup>1</sup> Q2 2018 net income includes \$55M of tax benefit attributable to currency impacts for withholding taxes on undistributed foreign earnings.

<sup>2</sup> Reconciliations of Non-GAAP financial measures are included in Appendix.

<sup>3</sup> Calculated as Levered Free Cash Flow including interest expense but excluding Indemnity and MTT payment to Honeywell.

# Net Sales Bridge: Q2 2018 – Q2 2019

(\$M)



- 21%** Organic growth in Gasoline driven by new product launches and increased turbo penetration
- (19%)** Organic decline in Diesel driven by market decline and run-off of applications
- (4%)** Organic decline in Commercial Vehicles, driven by softness in Asia and Off-Highway in North America
- (3%)** Organic decline in Aftermarket driven by Europe, partially offset by North America

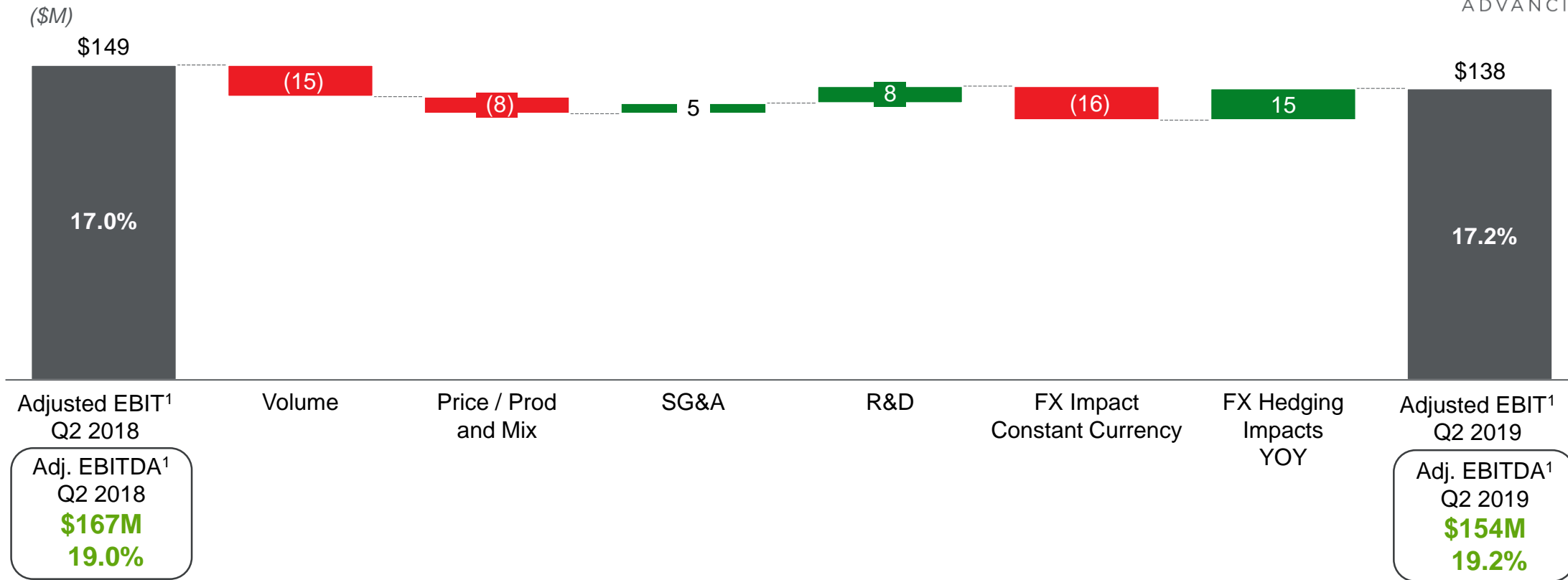
All growth rates in % are organic and are reconciled to the nearest GAAP measure in Appendix.

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**Net sales decreased (\$75M) or (4%) at constant currency**



# Adjusted EBIT/Adjusted EBITDA Walk: Q2 2018 – Q2 2019



- Volume-related revenue loss resulted in **(\$15M)** Adjusted EBIT<sup>1</sup> decline
- R&D favorability driven by higher customer and government funding
- Negative constant currency impact vs prior year mostly offset by hedge losses recorded in prior year
- Negative Price/Prod and Mix mainly from accelerated growth in Gasoline

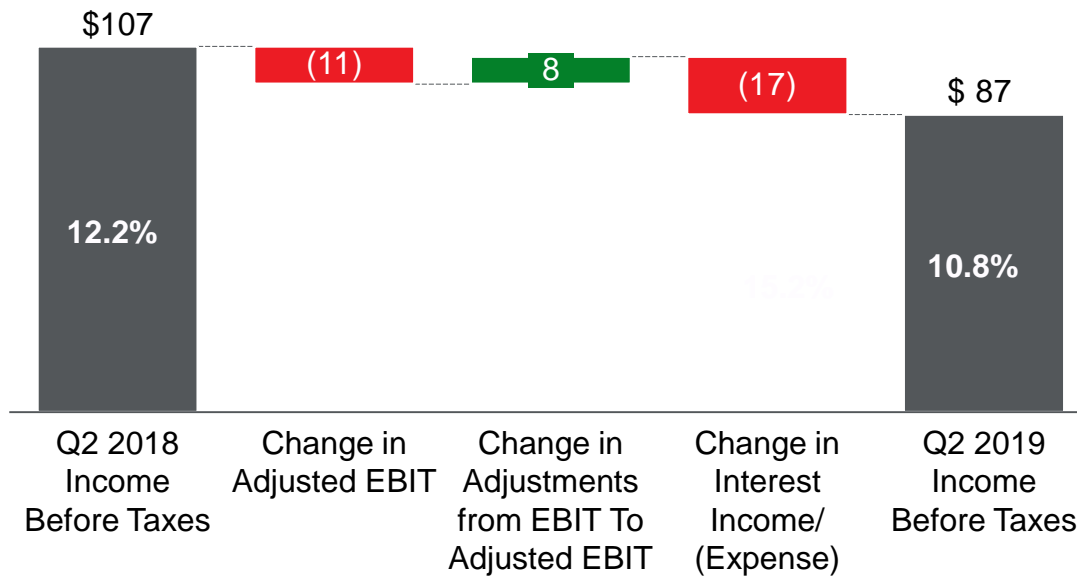
<sup>1</sup>Reconciliations of Non-GAAP financial measures are included in Appendix.

# Q2 2019 Income Before Taxes

(\$M)

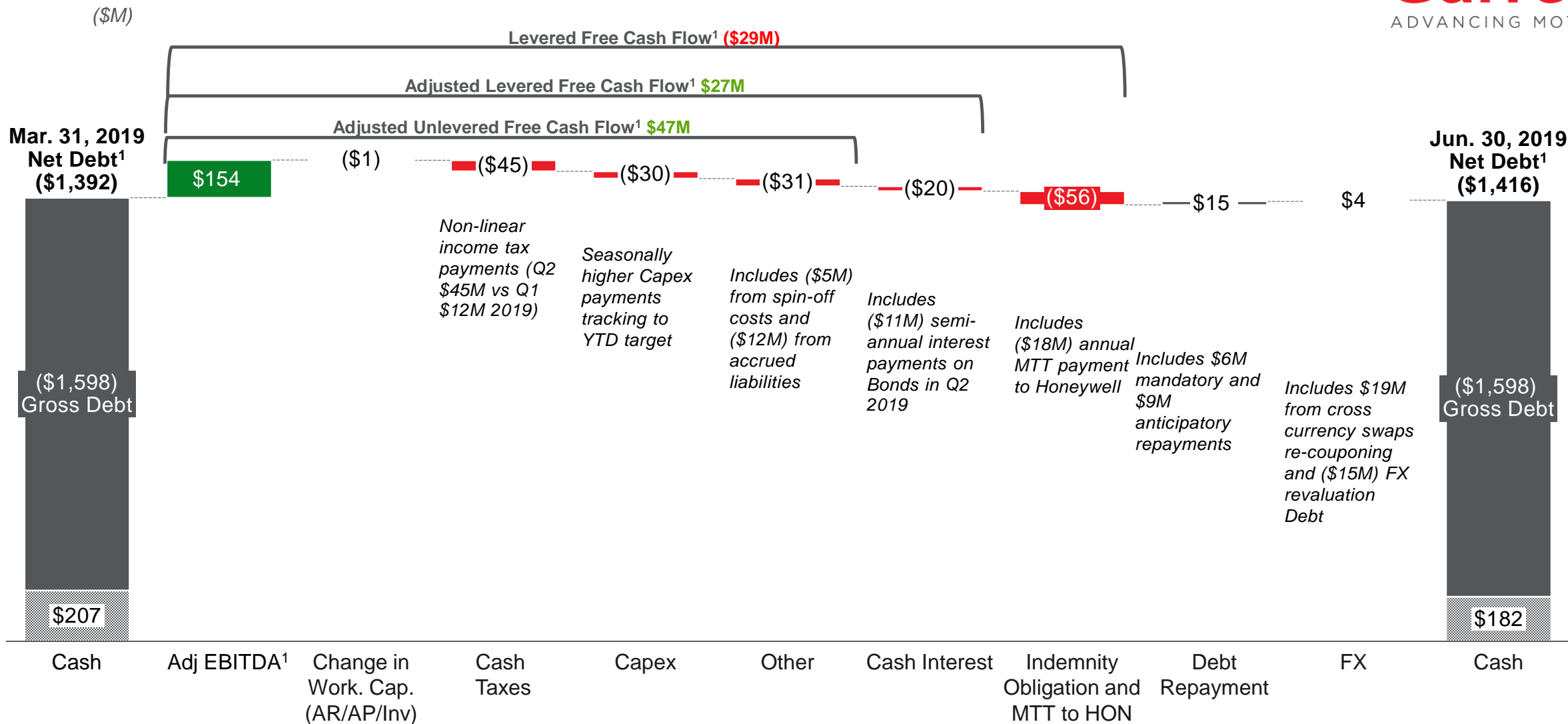
## Q2 2018 – Q2 2019

## Adjustments



|   | Q2 2018     | Q2 2019     | Change   |
|---|-------------|-------------|----------|
| Indemnification expense (post Spin-off)     | 0           | (17)        | (17)     |
| HON Asbestos related expense (pre Spin-off) | (38)        | 0           | 38       |
| Environmental remediation, non-active sites | (1)         | 0           | 1        |
| Non-operating Income / (expenses)           | 0           | 0           | 0        |
| Stock Compensation expense                  | (5)         | (4)         | 1        |
| Repositioning charges                       | 0           | (2)         | (2)      |
| Foreign exchange gain / (loss) on debt      | 0           | (8)         | (8)      |
| Spin-off costs                              | 0           | (5)         | (5)      |
| <b>Total Adjustments</b>                    | <b>(44)</b> | <b>(36)</b> | <b>8</b> |

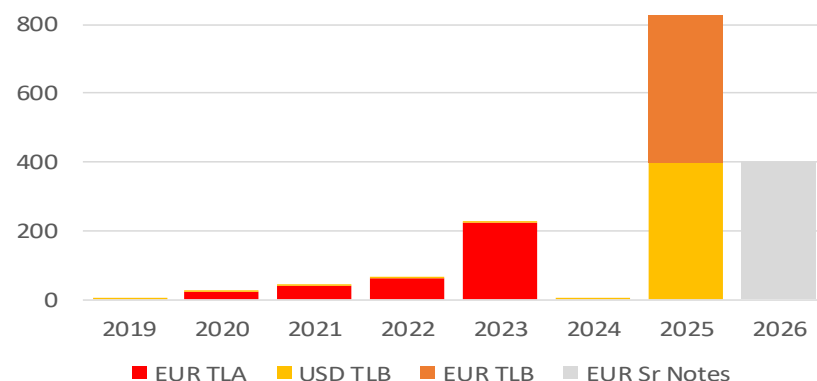
# Net Debt Walk: Mar. 31, 2019 – Jun. 30, 2019



<sup>1</sup> Reconciliations of Non-GAAP financial measures are included in Appendix.  
 Note: Figures may not sum exactly due to rounding.

# Liquidity and Capital Resources

## Maturity Profile (\$M)



## Net Debt<sup>1</sup> (\$M)

|  | Mar 31<br>2019 | Jun 30<br>2019 |
|--|----------------|----------------|
| Secured debt   | (1,205)        | (1,200)        |
| RCF  | --             | --             |
| Unsecured debt   | (393)          | (398)          |
| <b>Debt</b>  | <b>(1,598)</b> | <b>(1,598)</b> |
| Cash & cash equivalent (A)                                   | 207            | 182            |
| <b>Net debt</b>  | <b>(1,392)</b> | <b>(1,416)</b> |
| Undrawn committed revolving credit facility <sup>3</sup> (B) | 483            | 487            |
| <b>Available liquidity (A + B)</b>                           | <b>690</b>     | <b>669</b>     |

<sup>1</sup> Reconciliations of Non-GAAP financial measures are included in Appendix.

<sup>2</sup> Consolidated debt excluding net debt relating to hedge obligations.

<sup>3</sup> USD 489M (EUR 430M) less \$2M used for bank guarantee issuance.

## Cash and Marketable Securities (\$M)

|                               | Mar 31<br>2019 | Jun 30<br>2019 |
|-------------------------------|----------------|----------------|
| Brazilian Real                | 12             | 11             |
| Chinese Yuan                  | 115            | 84             |
| Euro                          | 43             | 28             |
| Indian Rupee                  | 24             | 39             |
| Korean Won                    | 8              | 12             |
| Other currencies              | 5              | 7              |
| <b>Total (USD equivalent)</b> | <b>207</b>     | <b>182</b>     |

## Other Debt Related Information

- Term Debt amortized by **\$15M**
  - \$6M Mandatory Amortization
  - \$9M anticipated mandatory amortizations of Term loan A for Q3 and Q4

- Cash decreased by **\$25M**

- Net debt increased by **\$24M**

- Net debt to Consolidated EBITDA<sup>1</sup>

- Consolidated debt to Consolidated EBITDA<sup>1</sup>

|   | Mar 31<br>2019 <sup>2</sup> | Jun 30<br>2019 <sup>2</sup> |
|---|-----------------------------|-----------------------------|
| Net debt to Consolidated EBITDA <sup>1</sup>          | <b>3.00x</b>                | <b>3.20x</b>                |
| Consolidated debt to Consolidated EBITDA <sup>1</sup> | <b>3.45x</b>                | <b>3.61x</b>                |

# Selected Balance Sheet Items Related to Honeywell as of June 30, 2019

|   | Total (\$M)    | Commentary  |
|---|----------------|---|
| Indemnification and Reimbursement Agreement | <b>\$1,188</b> | <ul style="list-style-type: none"> <li>Represents 90% of Honeywell's legacy Bendix asbestos liability, net of expected insurance recoveries plus specific non-Bendix and environmental liabilities. Payments (including legal fees) capped at \$175M per year.</li> <li>\$76M payments (\$38M in each of Q1'19 and Q2'19).</li> </ul> |
| Mandatory Transition Tax (MTT)              | <b>\$196</b>   | <ul style="list-style-type: none"> <li>Garrett's share of Honeywell's Mandatory Transition Tax related to US tax reform.</li> <li>Amortizes over 8 year period (same as other US corporates).</li> <li>\$18 million paid in April 2019.</li> </ul>  |
| Other Tax Provisions                        | <b>\$69</b>    | <ul style="list-style-type: none"> <li>Relates to legacy state and local tax disputes.</li> </ul>   |
|   | <b>\$1,453</b> |   |

# 2019 Outlook

## Prior Guidance

- Organic net sales growth of **2% to 4%**
- Adjusted EBITDA of **\$630M - \$650M**<sup>1</sup>
- Adjusted levered free cash flow conversion rate<sup>2</sup> of **55% - 60%**

## Revised Guidance

- Organic net sales growth of **(1%) to +1%**
- Adjusted EBITDA of **\$600M - \$620M**<sup>1</sup>
- Adjusted levered free cash flow conversion rate<sup>2</sup> of **50% - 55%**

## What has changed?

- Europe: LV sales down **(1%) to (2%)** since Q1 <sup>3</sup>
- Global 2019 LV production assumption of **(3%) to (5%)** versus **(2%)** before
- China: Persistent softer macros
  - LV sales down **(7%)** since Q1 <sup>3</sup>
  - Slower ramp up of LV-Gas launches in H2
  - LV-Diesel regulatory driven demand adjustments
- Lower H1 sales in China impacting H2 collections
- Foreign exchange assumption of €/ \$ 1.12 versus 1.15 before

<sup>1</sup> 2019 revised guidance set at current market conditions for FX.

<sup>2</sup> Adjusted levered free cash flow conversion rate, including interest but excluding indemnification and MTT payments to HON as a percentage of Adjusted EBITDA.

<sup>3</sup> Source: IHS and ACEA.

## Key Q2 2019 Takeaways



- Successful financial results in a challenging market environment



- Maintained attractive margin profile



- Portfolio rebalancing accelerating



- Positive long-term business fundamentals remain intact



- Targeting **(1%)** to **+1%** in 2019 organic net sales; Adj. EBITDA of **\$600M** to **\$620M**<sup>1</sup>



- **50%-55%** Adjusted levered free cash flow conversion<sup>1,2</sup>



- Continued progress in core and new growth vectors



<sup>1</sup> 2019 guidance is as of July 30, 2019 and is set at current market conditions for FX.

<sup>2</sup> Free Cash Flow, including interest but excluding indemnification and MTT payments to HON, as a percentage of Adjusted EBITDA.

## Appendix

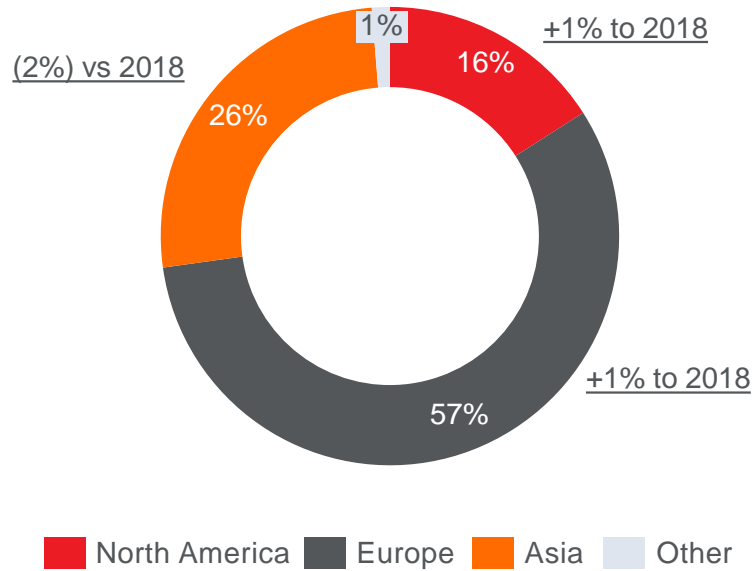
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# 6M Net Sales by Region and Product Line

## 6M 2019 by Geography<sup>1</sup>

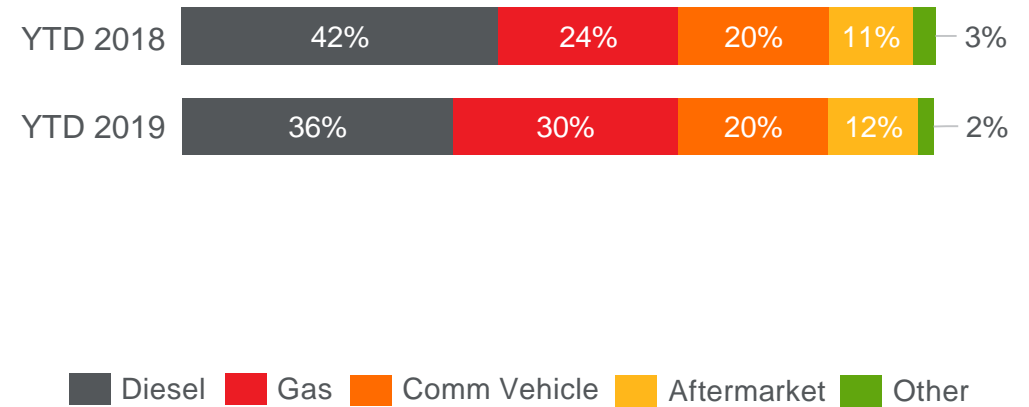


**North America Weight +1%, Europe Weight +1%, Asia Weight (-2%)**

## 6M 2019 by Product Line

**Gas products grew to 30% of net sales**

**Commercial Vehicles and Aftermarket products totaled 32% of net sales**



**Gas Weight +6%, Diesel Weight (6%)**

<sup>1</sup> Figures by geography based on shipped-from basis.

# Key Financial Metrics: 6M 2018 – 6M 2019

(\$M)

2018  
2019

## Net Sales



*Net sales impacted by slowdown in global auto production*

## Net Income



*6M 2018 includes \$30M tax benefit <sup>1</sup>*

*6M 2019 includes \$34M interest expense vs \$2M in 6M 2018*

## Adjusted EBITDA<sup>2</sup>



*6M Q2 2019 Adjusted EBITDA<sup>2</sup> 19.1% of net sales*

## Adjusted EBIT<sup>2</sup>



*6M 2019 Adjusted EBIT<sup>2</sup> 17.0% of net sales*

## Capital Expenditures



*Capex 3.1% of net sales*

## Adjusted Levered Free Cash Flow <sup>2 3</sup>



*Comparison to Q2 2018 is impacted by transactions with related parties and carve out adjustments  
2019 impacted by timing of tax payments, CAPEX and seasonality in working capital*

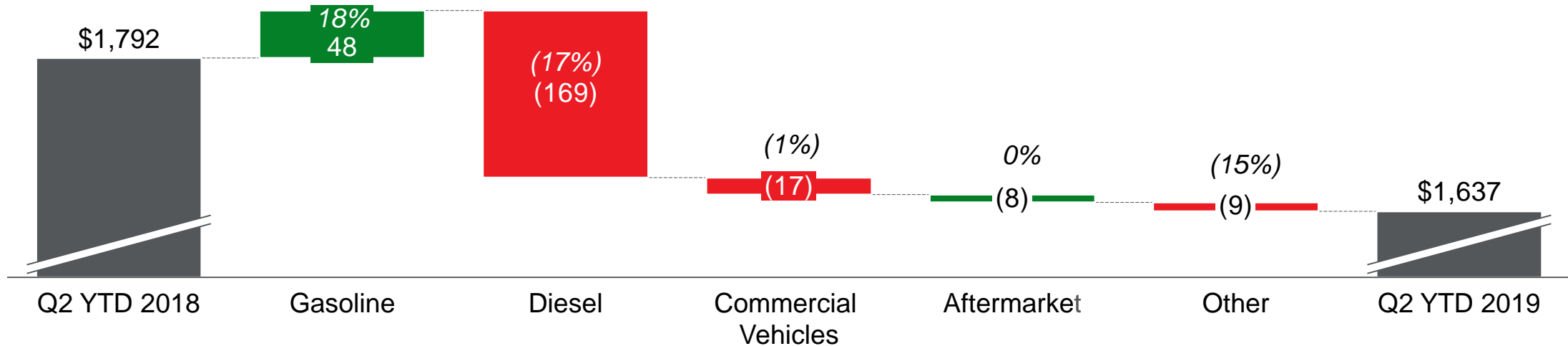
<sup>1</sup> 6M 2018 net income includes \$30M of tax benefit attributable to currency impacts for withholding taxes on undistributed foreign earnings.

<sup>2</sup> Reconciliations of Non-GAAP financial measures are included in Appendix.

<sup>3</sup> Calculated as Levered Free Cash Flow including interest expense but excluding Indemnity and MTT payment to Honeywell.

# Net Sales Bridge: 6M 2018 – 6M 2019

(\$M)



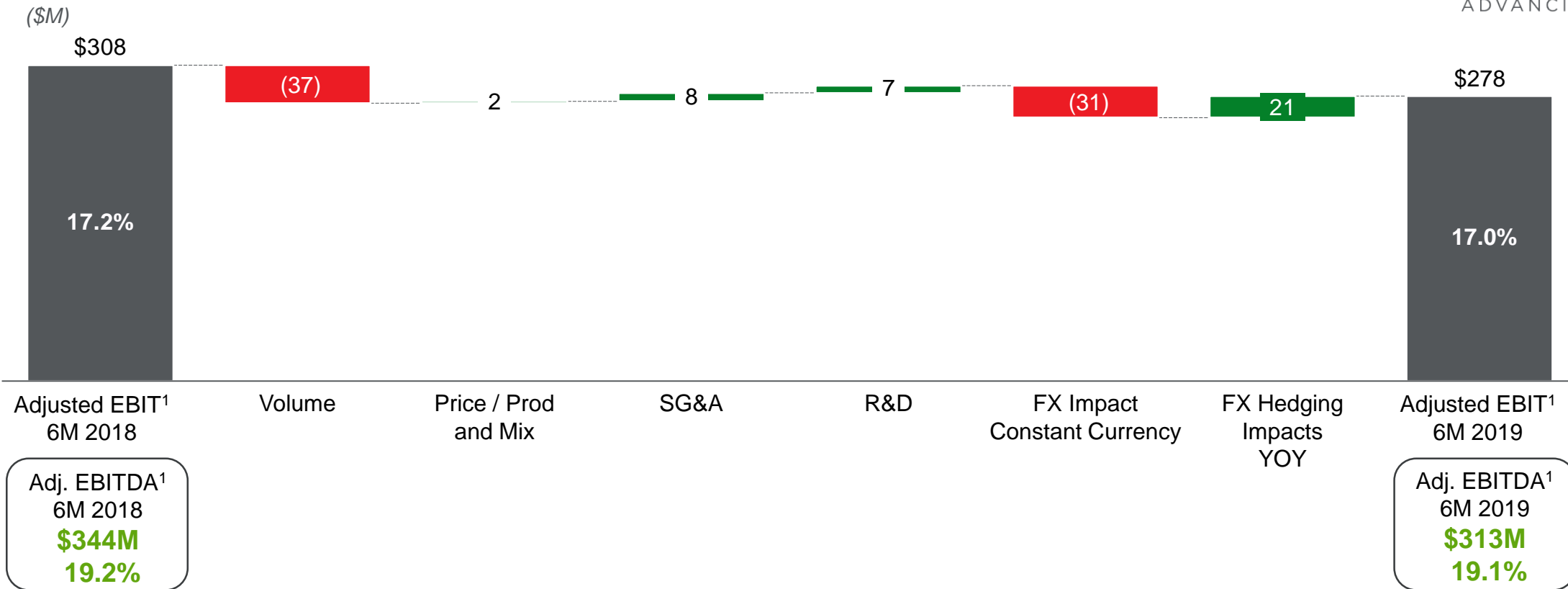
- 18%** Organic growth in Gasoline driven by new product launches and increased turbo penetration
- (17%)** Organic decline in Diesel driven by market decline and run-off of certain applications
- (15%)** Organic decline in Other sales driven by prototype sales and related timing of development programs

All growth rates in % are organic and are reconciled to the nearest GAAP measure in Appendix.

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**Net sales decreased (\$155M) or (4%) at constant currency**

# Adjusted EBIT/Adjusted EBITDA Walk: 6M 2018 – 6M 2019



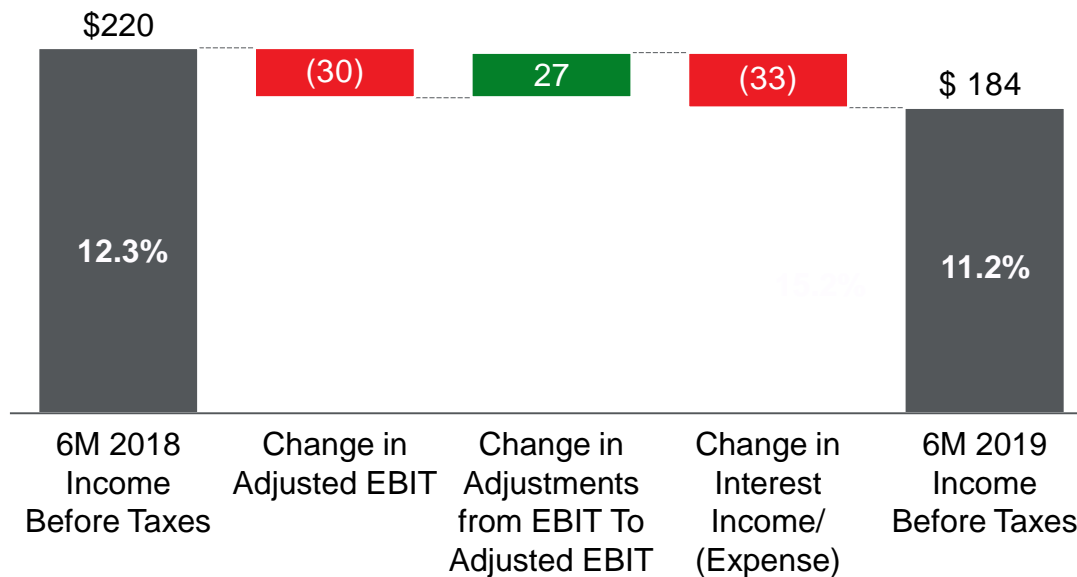
- Volume-related revenue loss resulted in **(\$37M)** Adjusted EBIT<sup>1</sup> decline
- R&D favorability driven by customer and government funding
- Negative constant currency impact vs prior year partially offset by hedge losses recorded in prior year

<sup>1</sup>Reconciliations of Non-GAAP financial measures are included in Appendix.

# 6M 2019 Income Before Taxes

(\$M)

## 6M 2018 – 6M 2019

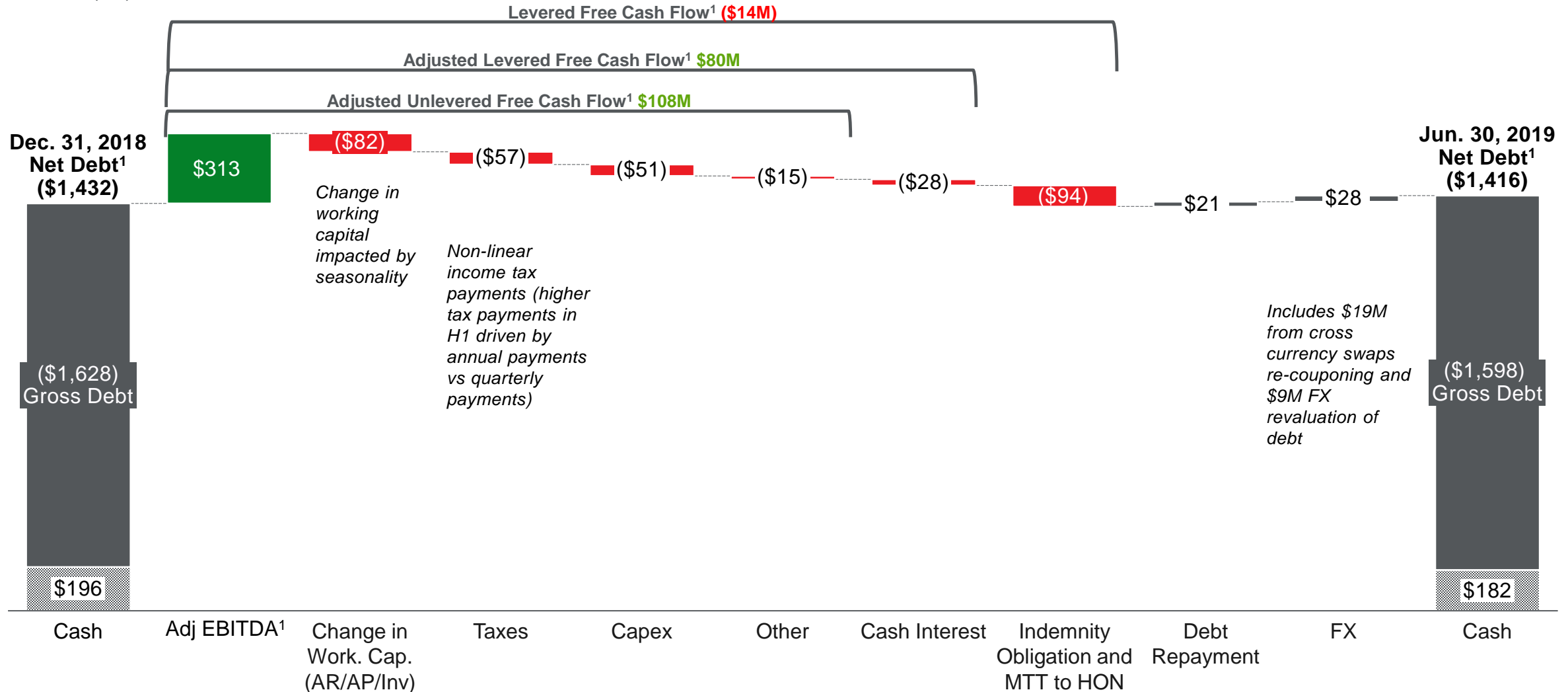


## Adjustments

|   | 6M 2018     | 6M 2019     | Change    |
|---|-------------|-------------|-----------|
| Indemnification expense (post Spin-off)     | 0           | (36)        | (36)      |
| HON Asbestos related expense (pre Spin-off) | (79)        | 0           | 79        |
| Environmental remediation, non-active sites | (2)         | 0           | 2         |
| Non-operating Income / (expenses)           | 4           | 0           | (4)       |
| Stock Compensation expense                  | (12)        | (9)         | 3         |
| Repositioning charges                       | (2)         | (3)         | (1)       |
| Foreign exchange gain / (loss) on debt      | 0           | (8)         | (8)       |
| Spin-off costs                              | 0           | (8)         | (8)       |
| <b>Total Adjustments</b>                    | <b>(91)</b> | <b>(64)</b> | <b>27</b> |

# Net Debt Walk: Dec. 31, 2018 – Jun. 30, 2019

(\$M)



<sup>1</sup> Reconciliations of Non-GAAP financial measures are included in Appendix.  
 Note: Figures may not sum exactly due to rounding.

**Net debt reduced by \$16 million in 6M 2019**

# Income Statement

| Q2 2019      | Q2 2018      |  | 6M 2019        | 6M 2018        |
|--------------|--------------|--|----------------|----------------|
| <b>\$802</b> | <b>\$877</b> |  | <b>\$1,637</b> | <b>\$1,792</b> |
| 620          | 662          | <i>(\$ in millions)</i>                      | 1,259          | 1,366          |
| 182          | 215          | <b>Net sales</b>                             |                |                |
| 58           | 63           | Cost of goods sold                           | 378            | 426            |
| 17           | 39           | <b>Gross profit</b>                          | 118            | 126            |
| 18           | 0            | Selling, general and administrative expenses | 36             | 81             |
| 2            | 6            | Other expense, net                           | 34             | 2              |
| <b>87</b>    | <b>107</b>   | Interest expense                             | 6              | -3             |
| 21           | (43)         | Non-operating (income) expense               | <b>184</b>     | <b>220</b>     |
| <b>66</b>    | <b>150</b>   | <b>Income before taxes</b>                   | 45             | 12             |
|              |              | Tax expense (benefit)                        | <b>139</b>     | <b>208</b>     |
|              |              | <b>Net income (loss)</b>                     |                |                |

# Balance Sheet Summary

| December 31, 2018 | (\$ in millions)<br><b>Assets</b>           | June 30, 2019 |
|-------------------|---|---------------|
| \$196             | Cash and cash equivalents                   | \$182         |
| 993               | Other current assets                        | 1,032         |
| 1,189             | Total current assets                        | 1,214         |
| 438               | Property, plant and equipment-net           | 435           |
| 165               | Deferred income taxes                       | 191           |
| \$312             | Other assets                                | \$332         |
| \$2,104           | Total assets                                | \$2,172       |
|                   | <b>Liabilities</b>                          |               |
| 127               | Obligations payable to Honeywell, current   | \$126         |
| 1,365             | Other current liabilities                   | 1,275         |
| 1,492             | Total current liabilities                   | 1,401         |
| 1,569             | Long-term debt                              | 1,552         |
| 1,399             | Obligations payable to Honeywell            | 1,327         |
| 237               | Other liabilities                           | 309           |
| \$4,697           | Total liabilities                           | \$4,589       |
|                   | <b>Equity (deficit)</b>                     |               |
| 0                 | Common stock, par value                     | 0             |
| 5                 | Additional paid-in capital                  | 14            |
| (2,671)           | Retained earnings                           | (2,532)       |
| (2,666)           | Invested equity (deficit)                   | (2,518)       |
| 73                | Accumulated other comprehensive income      | 101           |
| (2,593)           | Total stockholders' deficit                 | (2,417)       |
| \$2,104           | Total liabilities and stockholders' deficit | \$2,172       |

Please refer to earnings press release issued on July 30, 2019 for Consolidated and Combined Balance Sheets.

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# Summary of Cash Flows

| <b>6M 2018</b> | <i>(\$ in millions)</i>  | <b>6M 2019</b> |
|----------------|--|----------------|
| <b>\$208</b>   | <b>Net (loss) income</b>   | <b>\$139</b>   |
| <b>279</b>     | <b>Net cash provided by (used for) operating activities</b>          | <b>37</b>      |
| <b>236</b>     | <b>Net cash provided by (used for) investing activities</b>          | <b>(33)</b>    |
| <b>(556)</b>   | <b>Net cash provided by (used for) financing activities</b>          | <b>(17)</b>    |
| <b>(7)</b>     | Effect of foreign exchange rate changes on cash and cash equivalents | <b>(1)</b>     |
| <b>(48)</b>    | Net increase (decrease) in cash and cash equivalents                 | <b>(14)</b>    |
| <b>300</b>     | <b>Cash and cash equivalents at beginning of period</b>              | <b>196</b>     |
| <b>\$252</b>   | <b>Cash and cash equivalents at end of period</b>                    | <b>\$182</b>   |

# Reconciliation of Net Income to EBIT and Adjusted EBIT

| (\$ in millions)   | Q2'2018      | Q2'2019      | 6M 2018      | 6M 2019      |
|--|--------------|--------------|--------------|--------------|
| <b>Net income (loss) - GAAP</b>  | <b>150</b>   | <b>66</b>    | <b>208</b>   | <b>139</b>   |
| Tax expense  | (43)         | 21           | 12           | 45           |
| Profit before taxes  | 107          | 87           | 220          | 184          |
| Net interest (income) expense  | (2)          | 15           | (3)          | 30           |
| <b>EBIT (Non-GAAP)</b>   | <b>105</b>   | <b>102</b>   | <b>217</b>   | <b>214</b>   |
| ① Other operating expenses, net (asbestos and environmental expenses)    | 39           | 17           | 81           | 36           |
| ② Non-operating (income) expense   | -            | -            | (4)          | -            |
| ③ Stock compensation expense   | 5            | 4            | 12           | 9            |
| ④ Repositioning charges  | -            | 2            | 2            | 3            |
| ⑤ Non-recurring Spin-Off Costs   | -            | 5            | -            | 8            |
| Foreign exchange (gain) loss on debt, net of related hedging (gain) loss | -            | 8            | -            | 8            |
| <b>Adjusted EBIT</b>   | <b>149</b>   | <b>138</b>   | <b>308</b>   | <b>278</b>   |
| <b>Adjusted EBIT%</b>  | <b>17.0%</b> | <b>17.2%</b> | <b>17.2%</b> | <b>17.0%</b> |

① For the periods prior to the Spin-off on October 1, 2018 we reflect the expense for resolution of asbestos related and environmental liabilities, net of insurance recoveries. Subsequent to the Spin-off, we reflect the indemnification expenses as per the indemnification agreement with Honeywell.

② Non-operating (income) expense adjustment excludes interest income, the non-service component of pension expense, equity income of affiliates, and the impact of foreign exchange.

③ Stock compensation expense adjustment includes only non-cash expenses.

④ Repositioning charges adjustment primarily includes severance costs related to restructuring projects to improve future productivity.

⑤ Non-recurring Spin-off costs primarily include one-time costs incurred for the set-up of the IT, Legal, Finance, Communications and Human Resources functions after the Spin-off from Honeywell on October 1, 2018.

Note: Figures may not sum exactly due to rounding.

# Reconciliation of Net Income to Adjusted EBITDA and Consolidated EBITDA

| (\$ in millions)   | Q2'18        | Q1'2019      | Q2'2019      | LTM<br>Q1'19 | LTM<br>Q2'19 |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>Net income (loss) - GAAP</b>  | <b>150</b>   | <b>73</b>    | <b>66</b>    | <b>1,195</b> | <b>1,111</b> |
| Tax expense  | (43)         | 24           | 21           | (815)        | (751)        |
| Profit before taxes  | 107          | 97           | 87           | 380          | 360          |
| Net interest (income) expense  | (2)          | 15           | 15           | 29           | 46           |
| Depreciation   | 18           | 19           | 16           | 73           | 70           |
| <b>EBITDA (Non-GAAP)</b>   | <b>123</b>   | <b>131</b>   | <b>118</b>   | <b>482</b>   | <b>476</b>   |
| Other operating expenses, net (asbestos and environmental expenses)                  | 39           | 19           | 17           | 97           | 75           |
| Non-operating (income) expense   | -            | -            | -            | -            | -            |
| Stock compensation expense   | 5            | 5            | 4            | 19           | 18           |
| Repositioning charges  | -            | 1            | 2            | 1            | 3            |
| Non-recurring Spin-Off Costs   | -            | 3            | 5            | 9            | 14           |
| Foreign exchange (gain) loss on debt, net of related hedging (gain) loss             | -            | -            | 8            | (7)          | 1            |
| <b>Adjusted EBITDA (Non-GAAP)</b>  | <b>167</b>   | <b>159</b>   | <b>154</b>   | <b>601</b>   | <b>587</b>   |
| <b>Adjusted EBITDA %</b>   | <b>19.0%</b> | <b>19.0%</b> | <b>19.2%</b> | <b>18.2%</b> | <b>18.2%</b> |
| ① FX Hedging (gain) / loss (net)   | 14           | 7            | (1)          | 31           | 16           |
| <b>Adjusted EBITDA Excluding FX Hedging (gain) / loss net (Non-GAAP)</b>             | <b>181</b>   | <b>166</b>   | <b>153</b>   | <b>632</b>   | <b>603</b>   |
| <b>Adjusted EBITDA Excluding FX Hedging (Non-GAAP) %</b>                             | <b>20.6%</b> | <b>19.9%</b> | <b>19.1%</b> | <b>19.2%</b> | <b>18.7%</b> |
| ② Honeywell Indemnity Obligation payment   | (44)         | (38)         | (38)         | (167)        | (162)        |
| ③ Additional pro forma standalone costs  | 1            | -            | -            | 1            | -            |
| ④ Other non-recurring, non-cash expense  | (4)          | -            | -            | (2)          | 2            |
| <b>Consolidated EBITDA</b>   | <b>134</b>   | <b>128</b>   | <b>115</b>   | <b>464</b>   | <b>443</b>   |
| Add. Honeywell Indemnity Obligation Payment  | 44           | 38           | 38           | 167          | 162          |
| <b>Consolidated EBITDA (Non-GAAP, excl. Honeywell indemnity obligation)</b>          | <b>178</b>   | <b>166</b>   | <b>153</b>   | <b>631</b>   | <b>605</b>   |
| <b>Consolidated EBITDA % margin (Non-GAAP, excl. Honeywell indemnity obligation)</b> | <b>20.3%</b> | <b>19.9%</b> | <b>19.1%</b> | <b>19.2%</b> | <b>18.8%</b> |

① Removal of FX hedging-related gains and losses and unrealized FX re-measurement gains included in EBITDA.

② Inclusion of Honeywell Indemnity Obligation payment.

③ Incremental costs above corporate allocations already included in Adjusted EBITDA based on standalone assessment.

④ Other adjustments consist of non-recurring, non-cash charges primarily related to incremental freight costs incurred as a result of transferring production across various European plants and non-US tax credits.

# Reconciliation of Organic Sales % Change

| Q2 2018                    | Q2 2019 | Garrett                            | 6M 2018 | 6M 2019 |
|----------------------------|---------|------------------------------------|---------|---------|
| 13%                        | (9%)    | Reported sales % change            | 16%     | (9%)    |
| 6%                         | (5%)    | Less: Foreign currency translation | 9%      | (5%)    |
| 7%                         | (4%)    | Organic sales % change             | 7%      | (4%)    |
| <b>Gasoline</b>            |         |                                    |         |         |
| 40%                        | 14%     | Reported sales % change            | 39%     | 11%     |
| 10%                        | (7%)    | Less: Foreign currency translation | 11%     | (7%)    |
| 30%                        | 21%     | Organic sales % change             | 28%     | 18%     |
| <b>Diesel</b>              |         |                                    |         |         |
| 5%                         | (23%)   | Reported sales % change            | 8%      | (23%)   |
| 7%                         | (4%)    | Less: Foreign currency translation | 10%     | (6%)    |
| (2%)                       | (19%)   | Organic sales % change             | (2%)    | (17%)   |
| <b>Commercial vehicles</b> |         |                                    |         |         |
| 16%                        | (7%)    | Reported sales % change            | 20%     | (5%)    |
| 4%                         | (3%)    | Less: Foreign currency translation | 6%      | (4%)    |
| 12%                        | (4%)    | Organic sales % change             | 14%     | (1%)    |
| <b>Aftermarket</b>         |         |                                    |         |         |
| 4%                         | (6%)    | Reported sales % change            | 4%      | (4%)    |
| 4%                         | (3%)    | Less: Foreign currency translation | 5%      | (4%)    |
| 0%                         | (3%)    | Organic sales % change             | (1%)    | 0%      |
| <b>Other Sales</b>         |         |                                    |         |         |
| (9%)                       | (15%)   | Reported sales % change            | 2%      | (20%)   |
| 6%                         | (4%)    | Less: Foreign currency translation | 8%      | (5%)    |
| (15%)                      | (11%)   | Organic sales % change             | (6%)    | (15%)   |

# Reconciliation of Net Debt, Consolidated Debt and Related Ratios

| March 31, 2019 | (Dollar amounts in millions)                    | June 30, 2019 |
|----------------|---|---------------|
| \$1,205        | Secured debt                                    | \$1,200       |
| 0              | Revolving cash facility                         | 0             |
| 393            | Unsecured debt                                  | 398           |
| <b>1,598</b>   | <b>Consolidated debt</b>                        | <b>1,598</b>  |
| 1,598          | Total term debt                                 | 1,598         |
| 0              | Related party note                              | 0             |
| (207)          | Cash and cash equivalents                       | (182)         |
| <b>1,392</b>   | <b>Net debt</b>                                 | <b>1,416</b>  |
| <b>\$464</b>   | <b>Consolidated EBITDA (last 12 months)</b>     | <b>\$443</b>  |
| <b>3.00X</b>   | <b>Net debt to Consolidated EBITDA</b>          | <b>3.20X</b>  |
| <b>3.45X</b>   | <b>Consolidated debt to Consolidated EBITDA</b> | <b>3.61X</b>  |

# Reconciliation of Net Income to Adjusted Levered and Unlevered Free Cash Flow

| Q2 2019       | (\$ in millions)   | 6M 2019       |
|---------------|--|---------------|
| <b>\$66</b>   | <b>Net income (loss) - GAAP</b>  | <b>\$139</b>  |
| \$21          | Tax expense  | \$45          |
| \$87          | Profit before taxes  | \$184         |
| \$15          | Net interest (income) expense  | \$30          |
| \$16          | Depreciation   | \$35          |
| <b>\$118</b>  | <b>EBITDA (Non-GAAP)</b>   | <b>\$249</b>  |
| 17            | Other operating expenses, net (asbestos and environmental expenses)      | 36            |
| 0             | Non-operating (income) expense   | 0             |
| 4             | Stock compensation expense   | 9             |
| 2             | Repositioning charges  | 3             |
| 8             | Foreign exchange (gain) loss on debt, net of related hedging (gain) loss | 8             |
| 5             | Non-recurring Spin-Off Costs   | 8             |
| <b>154</b>    | <b>Adjusted EBITDA (Non-GAAP)</b>  | <b>313</b>    |
| (1)           | Change in working capital  | (82)          |
| (45)          | Taxes  | (57)          |
| (30)          | Capital Expenditures   | (51)          |
| (31)          | Other  | (15)          |
| <b>47</b>     | <b>Adjusted unlevered FCF</b>  | <b>108</b>    |
| (20)          | Cash Interest  | (28)          |
| <b>27</b>     | <b>Adjusted levered FCF</b>  | <b>80</b>     |
| (56)          | Indemnity obligation and MTT to HON                                      | (94)          |
| <b>(\$29)</b> | <b>Levered FCF</b>   | <b>(\$14)</b> |

# Reconciliation of Net Income to Earnings Per Share

| <b>6M 2018</b> | <i>(\$ in millions)</i>                              | <b>6M 2019</b> |
|----------------|--|----------------|
| <b>\$208</b>   | <b>Net income (loss) - GAAP</b>                      | <b>\$139</b>   |
| 74,070,852     | Weighted average common shares outstanding - Basic   | 74,414,450     |
| 74,070,852     | Weighted average common shares outstanding - Diluted | 76,129,821     |
| <b>\$2.81</b>  | <b>Earnings per common share - basic</b>             | <b>\$1.87</b>  |
| <b>\$2.81</b>  | <b>Earnings per common share - diluted</b>           | <b>\$1.83</b>  |

# Reconciliation of Net Income – GAAP to EBITDA and Adjusted EBITDA, and to Adjusted Unlevered, Adjusted Levered and Levered Free Cash Flow (FCF)

| 6M 2018      | (\$ in millions)                                   | 6M 2019      |
|--------------|--|--------------|
| \$279        | Net cash from operating activities                 | \$37         |
| (47)         | Expenditures for plant property and equipment      | (51)         |
| <b>232</b>   | <b>Net operating cash flow minus capex</b>         | <b>(14)</b>  |
| 85           | Indemnity obligation and MTT to Honeywell included | 94           |
| <b>317</b>   | <b>Adjusted levered free cash flow</b>             | <b>80</b>    |
| 2            | Interest expense                                   | 28           |
| <b>\$319</b> | <b>Adjusted unlevered free cash flow</b>           | <b>\$108</b> |



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