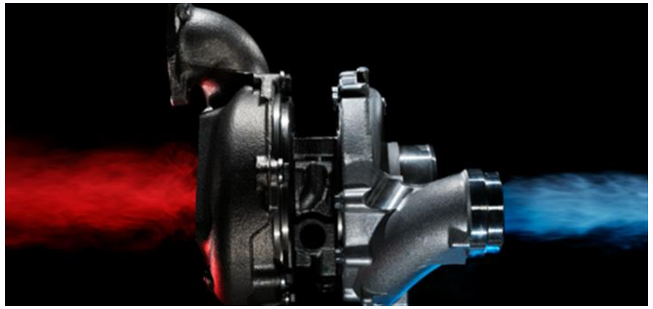




2/20/2019

# 2018 FINANCIAL RESULTS

Garrett
ADVANCING MOTION

## Forward Looking Statements

This presentation includes EBIT, EBITDA, Adjusted EBITDA, Adjusted EBITDA minus CAPEX, Adjusted EBIT, Adjusted EBITDA excluding hedging impact, 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 EBITDA Margin, Adjusted EBITDA margin excluding hedging impact, Consolidated EBITDA Margin, Adjusted EBIT Margin, 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 (both including and excluding hedging impacts), 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 Combined Financial Statements, see our Form 10 and quarterly report on Form 10Q for the quarter ended September 30, 2018.

## Non-GAAP Financial Measures

This presentation includes EBIT, EBITDA, Adjusted EBITDA, Adjusted EBITDA minus CAPEX, Adjusted EBIT, Adjusted EBITDA excluding hedging impact, 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 EBITDA Margin, Adjusted EBITDA margin excluding hedging impact, Consolidated EBITDA Margin, Adjusted EBIT Margin, 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 (both including and excluding hedging impacts), 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 Combined Financial Statements, see our Form 10 and quarterly report on Form 10Q for the quarter ended September 30, 2018.

## 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 accounting principles generally accepted in the United States of America ("U.S. 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 $1,244 million in Obligations payable to Honeywell as of December 31, 2018, (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.

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 is 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.

We are working to obtain additional information about the Indemnification Liability through a dialogue and iterative process with Honeywell. We are still engaged in that process, and it remains a high priority for the Company.

# 2018 Highlights and 2019 Outlook

- Net sales of **$3,375** million; up **9%** on a reported basis, **6%** organic basis*
  - Performance driven by new gasoline product launches
- Net Income of **$1,180** million, which includes a one-time tax benefit of $879 million
- Rebalancing our portfolio towards gasoline products
  - Q4 2018 gasoline net sales were **27%** vs. **25%** in Q4 2017
- 2018 performance in-line with high end of guidance
  - Adjusted EBITDA* of **$618** million, up **5%**; Ex-hedging impact* **$656** million, up **14%**
  - Adjusted EBITDA margin of **18.3%**, Ex-hedging impact* **19.4%** (up 80 basis points from 2017)
- Solid cash generation enabled debt reduction
  - Net debt down by **$116** million during Q4
  - Net debt/consolidated EBITDA down to **2.96x** (Dec. 31) from **3.07x** (Sept. 30)
- **2019 Outlook**
  - Organic net sales growth of **2% - 4%**
  - Adjusted EBITDA of **$630 to $650 million**[1]
  - Adjusted levered free cash flow conversion rate[2] of **55% - 60%**
  - Portfolio rebalancing by end of 2019

[1] 2018 Adjusted EBITDA was $618 million, 2019 guidance set at current market conditions for FX.
[2] Adjusted levered free cash flow conversation rate, including interest but excluding indemnification and MTT payments to HON as a percentage of Adjusted EBITDA.
* Reconciliations to Non-GAAP financial measures are included in Appendix.

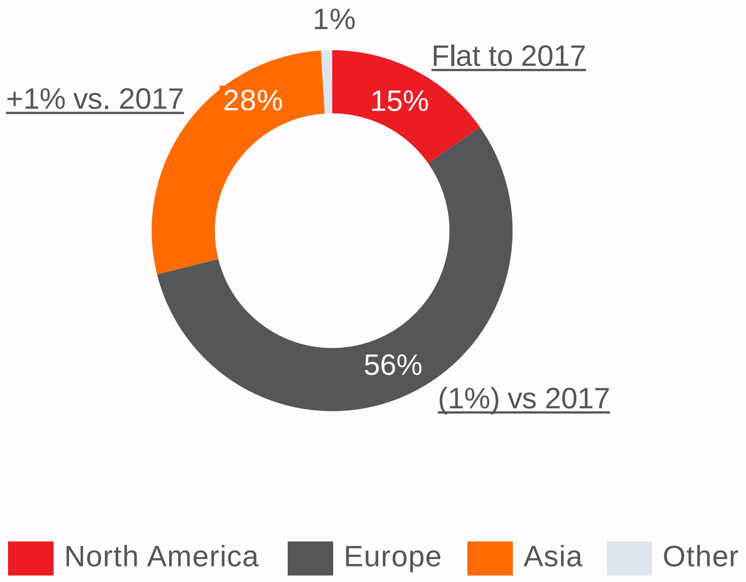


**Strong 2018 performance at high end of guidance**

# Net Sales by Region and Product Line

Garrett
ADVANCING MOTION

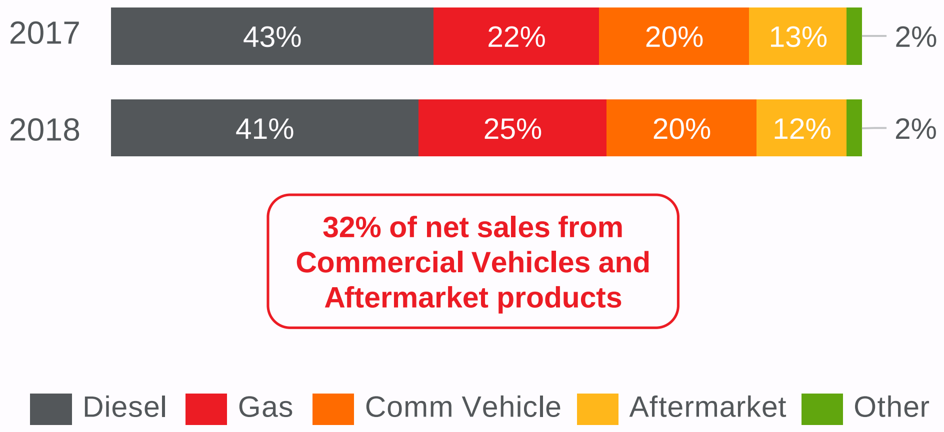
## 2018 by Geography[1]




***Europe (1%) Asia +1%***

## 2018 by Product Line

**In Q4 2018, Gas products further grew to 27% of net sales**




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

***Gas +3% Diesel (2%)***

[1] Figures by geography based on shipped-from basis.

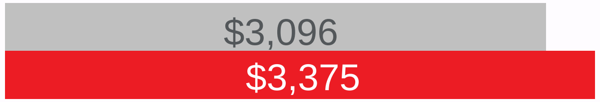


**Portfolio rebalancing with greater global product diversity in-line with strategic plan**

# Key Financial Metrics: 2017 – 2018

*($M)*

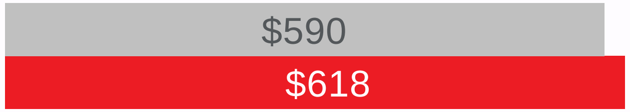
## Net Sales




**+9% Reported** **+6% Organic**

***+6% Organic growth in 2018***

## Adjusted EBITDA[1], with hedging

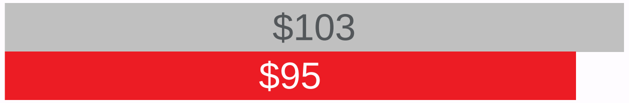



**+5%**

## Adjusted EBITDA[1], without hedging


**+14%**

## Capital Expenditures




**(8%)**

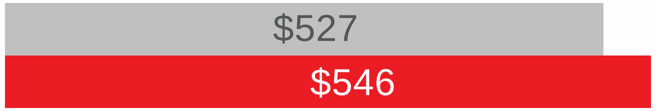
***Capex 2.8% of Net Sales***

## Income Before Taxes


**+8%**

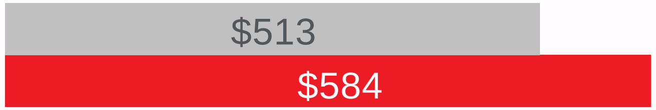
***Income Before Taxes 12% of Net Sales***

## Adjusted EBIT[1], with hedging




**+4%**

## Adjusted EBIT[1], without hedging




**+14%**

## Adjusted EBITDA minus CAPEX[1]


**+7%**

***85% Conversion Rate****

2017
2018

[1] Reconciliations to Non-GAAP financial measures are included in Appendix. * Calculated as Adjusted EBITDA minus 12M capital expenditures/Adj. EBITDA.

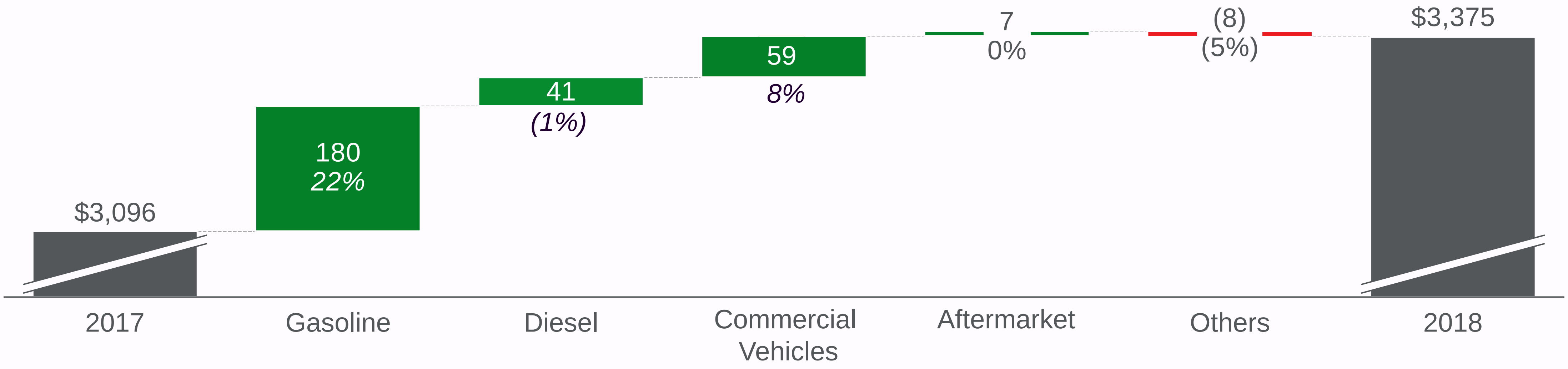


**Income before taxes +8%; Adjusted EBITDA excluding hedging +14%**

# Net Sales Bridge: 2017 – 2018

*($M)*

Garrett
ADVANCING MOTION




22% Organic growth in gasoline driven by new product launches and increased turbo penetration

(1%) Organic decline in diesel; significantly outperformed global industry trends

8% Organic growth in commercial vehicles driven by continuous strength both on and off highway

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

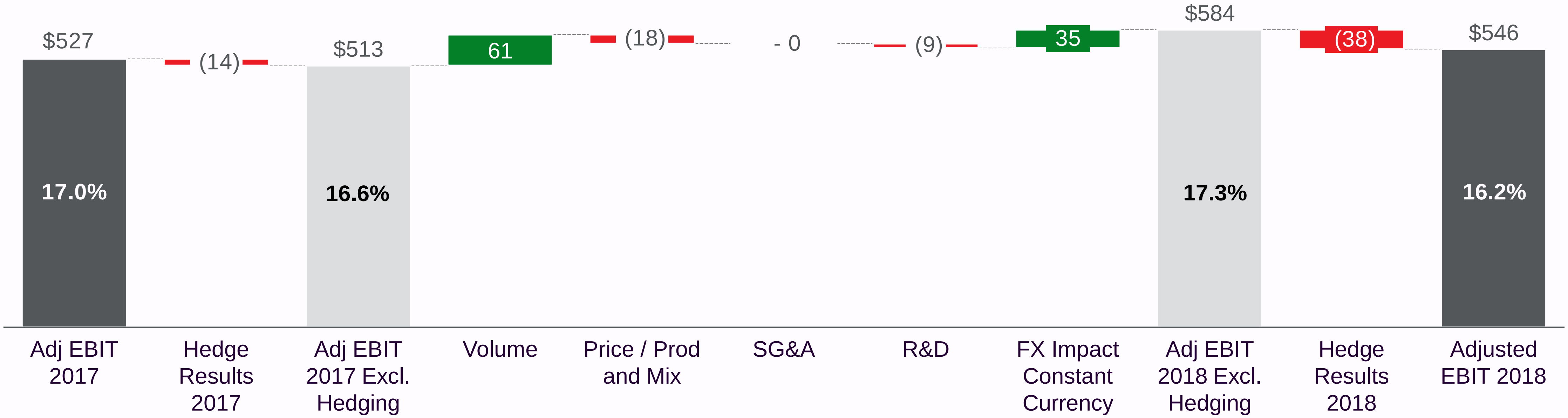


**Net sales increased 9% reported; 6% organic growth**

# Adjusted EBIT / Adjusted EBITDA Walk: 2017 – 2018

Garrett
ADVANCING MOTION

*($M)*




Adj. EBITDA 2017
**$590M**
**19.1%**

Adj. EBITDA 2017 Excl. Hedging
**$576M**
**18.6%**

Adj. EBITDA 2018 Excl. Hedging
**$656M**
**19.4%**

Adj. EBITDA 2018
**$618M**
**18.3%**

- Volume related revenue growth converted into **$61M** Adjusted EBIT growth
- Mix mostly driven by high growth rate in gasoline, partially offset by productivity gains net of pricing
- Positive FX impact vs prior year mostly driven by 5% stronger €/$

Reconciliations to Non-GAAP financial measures are included in Appendix.



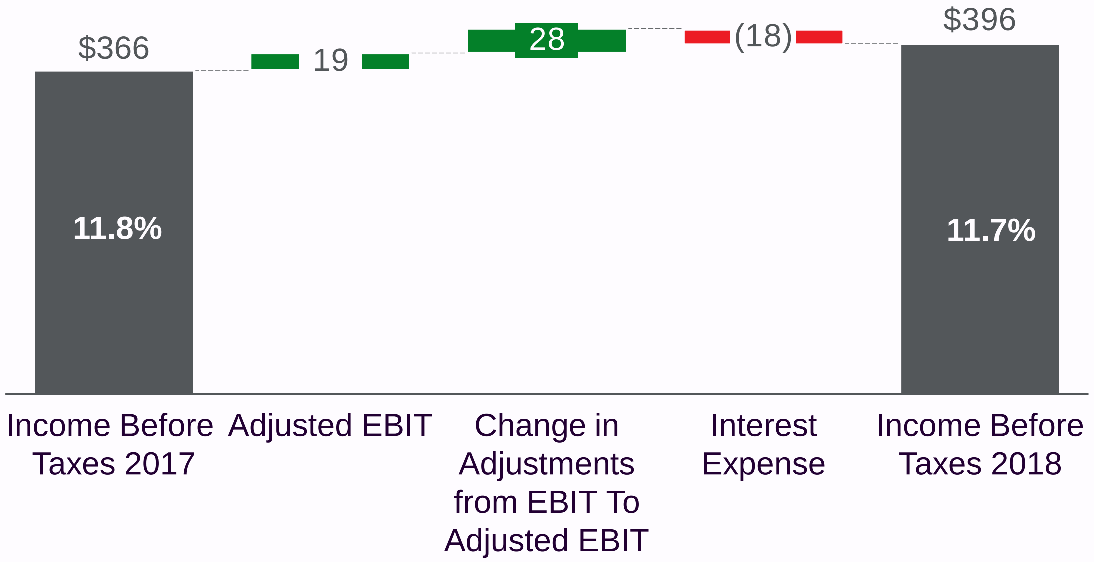
**Adjusted EBITDA excluding hedging of $656M slightly above guidance**

# 2018 Income Before Taxes

*($M)*

Garrett
ADVANCING MOTION

## 2017 – 2018




## Adjustments

| | 2017 | 2018 | V 2017 |
|---|---|---|---|
| HON indemnification | (130) | (120) | 10 |
| Non-operating income / (expense) | (1) | 4 | 5 |
| Stock compensation expense | (15) | (21) | (6) |
| Repositioning charges | (20) | (2) | 18 |
| Foreign exchange gain / (loss) on debt | 0 | 7 | 7 |
| 1X costs | 0 | (6) | (6) |
| **Total Adjustments** | **(166)** | **(138)** | **28** |

Note : Figures may not sum exactly due to rounding.

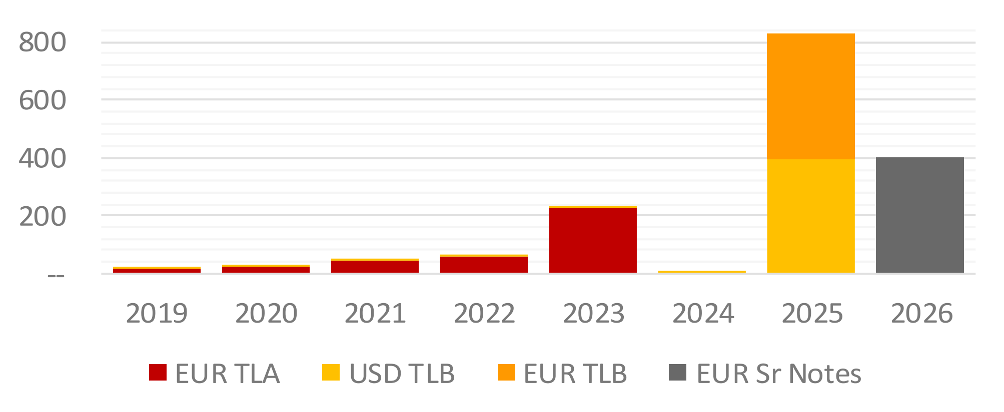


**Income before taxes up 8%, or $30M**

# 2018 Debt and Liquidity Profile

Garrett
ADVANCING MOTION

## Maturity Profile ($M)




## Cash and Marketable Securities ($M)

| | Dec 31 | Sept 30 |
|---|---|---|
| Brazilian Real | 11 | 8 |
| Chinese Yuan | 70 | 21 |
| Euro | 69 | 88 |
| Indian Rupee | 31 | 42 |
| Pound Sterling | -- | 12 |
| Other currencies | 15 | 26 |
| **Total (USD equivalent)** | **196** | **197** |

## Net Debt ($M)

| | Dec 31 | Sept 30 |
|---|---|---|
| Secured debt | (1,227) | (1,241) |
| RCF | -- | -- |
| Unsecured debt | (401) | (406) |
| **Term debt** | **(1,628)** | **(1,647)** |
| Related Party Note | -- | (98) |
| Cash & Cash Equivalent | 196 | 197 |
| **Net debt** | **(1,432)** | **(1,548)** |
| Undrawn committed revolving credit facility | 493 | 498 |
| **Available liquidity** | **689** | **597** |

## Other Debt Related Information

- Related party note fully repaid
- Term debt reduced by **$19M**; liquidity increased by **$92M**
- Net debt reduced by **$116M**

| | Dec 31 | Sept 30 |
|---|---|---|
| Net debt to consolidated EBITDA[1] | **2.96x** | **3.07x** |
| Consolidated debt to consolidated EBITDA[1] | **3.33x** | **3.24x** |

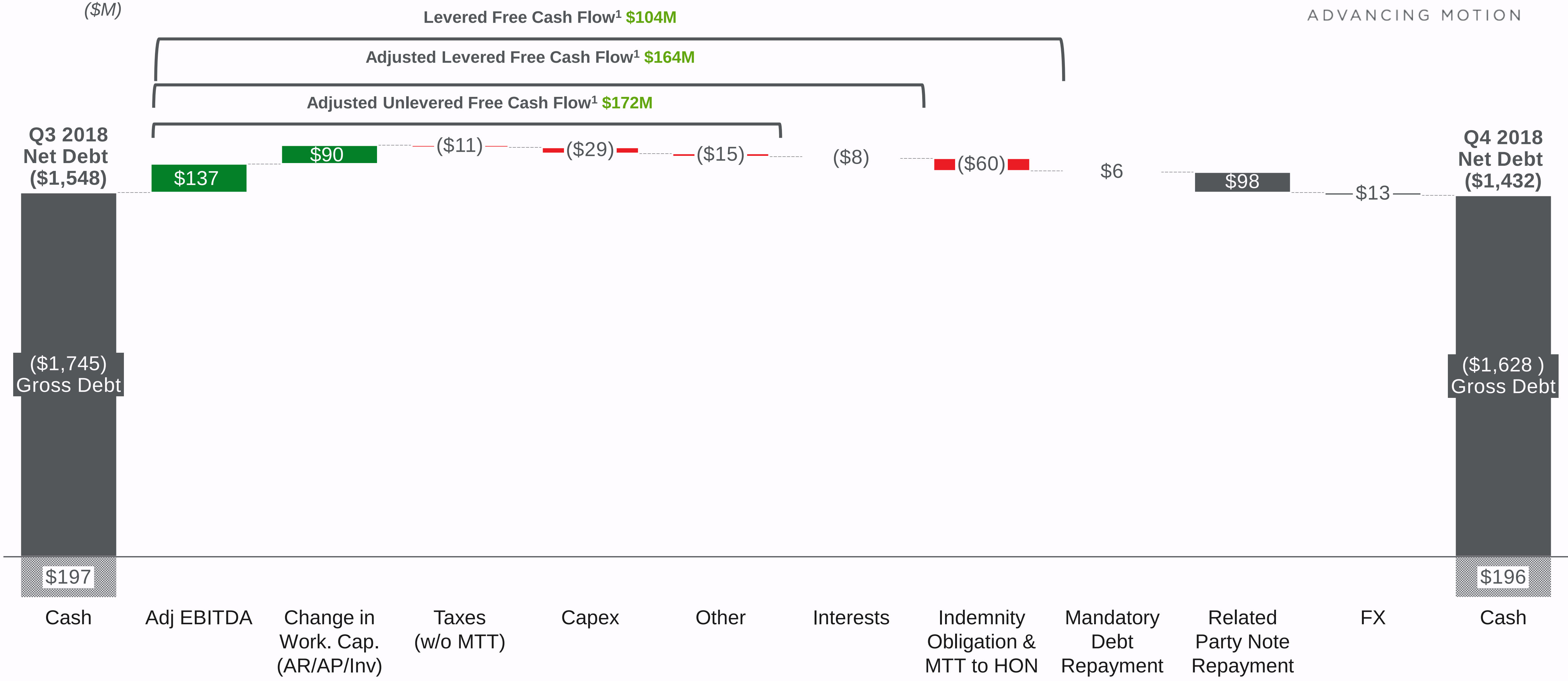
[1] Reconciliations to Non-GAAP financial measures are included in Appendix.



**Net debt/consolidated EBITDA decreased to 2.96x as of December 31, 2018**

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

($M)




[1] Reconciliations to Non-GAAP financial measures are included in Appendix.



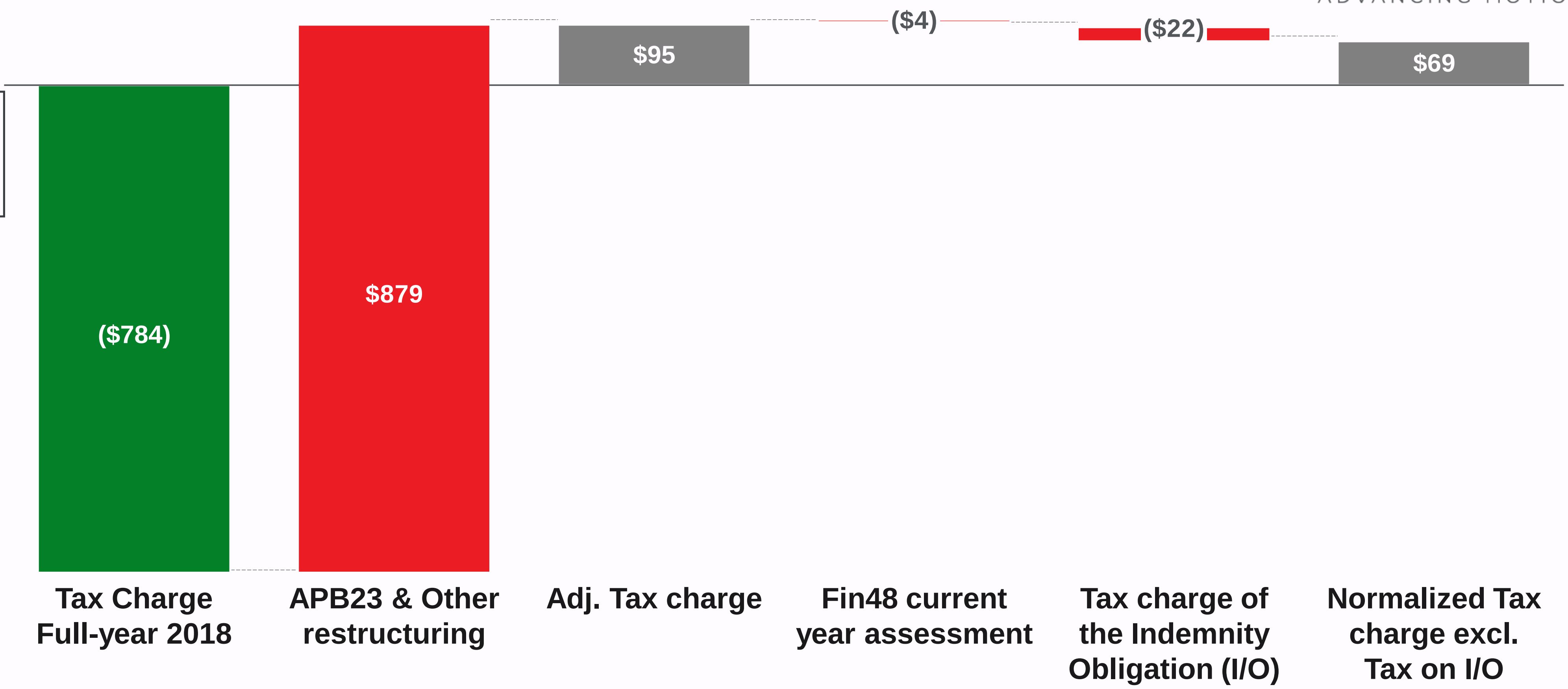
**Net debt reduced by $116 million in Q4 to $1,432 million as of December 31, 2018**

# 2018 Tax Charge Walk

Garrett
ADVANCING MOTION

*($M)*

| | |
|---|---|
| Inc. Before Taxes | $396 |
| Tax | ($784) |
| **Net Income** | **$1,180** |




(198.0%) AETR

24.0% Adj. AETR

17.4% Normalized AETR excl. tax on I/O



**Adjusted Annual Effective Tax Rate (AETR) at 24.0%**

# Selected Balance Sheet Items Related to Honeywell as of December 31, 2018

Garrett
ADVANCING MOTION

| ($M) | Total | Commentary |
|---|---|---|
| Indemnification and Reimbursement Agreement | $1,244 | • 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.<br>• Balance reduced due to update to claims experience.<br>• $41M payment in Q4´18 |
| Mandatory Transition Tax (MTT) | $216 | • Garrett's share of Honeywell's Mandatory Transition Tax related to US tax reform totaling $240 million<br>• Amortizes over 8 year period (same as other US corporates)<br>• $19M payment in Q4´18. FX revaluation accounts for remainder of reduction. |
| Other Tax Provisions | $66 | • Relates to legacy state and local tax disputes |
| | $1,526 | |

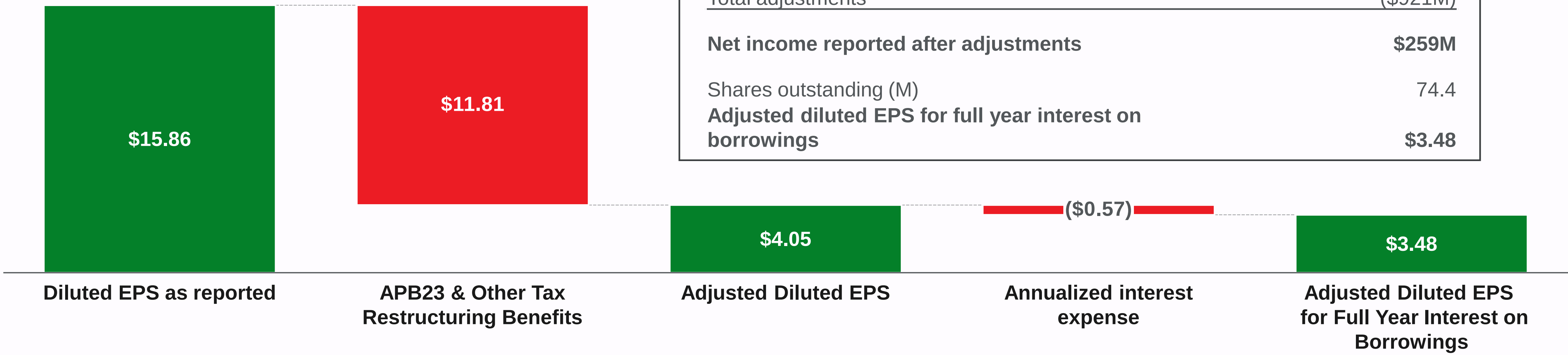


**Liabilities reduced through $60 million in repayments during Q4**

# Adjusted Diluted EPS Annualized for Interest Expense

Garrett
ADVANCING MOTION

| | |
|---|---|
| **Net income reported** | **$1,180M** |
| APB23 & other tax restructuring benefits | ($879M) |
| Annualized interest expense (after tax) | ($42M) |
| Total adjustments | ($921M) |
| **Net income reported after adjustments** | **$259M** |
| Shares outstanding (M) | 74.4 |
| **Adjusted diluted EPS for full year interest on borrowings** | **$3.48** |




Note: EPS based on 74,402,148 weighted average outstanding shares, diluted.



**2018 Adjusted diluted EPS annualized for interest on borrowings totaled $3.48**

# 2019 Outlook

- Organic net sales growth of **2% - 4%**
- Adjusted EBITDA of **$630M - $650M**[1]
- Adjusted levered free cash flow conversion rate[2] of **55% - 60%**
- Portfolio rebalanced by end of 2019

**+2% to +4%**

Organic Revenue Growth

**+$630M to $650M[1]**
**+2% to +5%**

Adjusted EBITDA

## Assumptions

- **-2%** global LV production
- 2019 full year sales growth with challenging H1 driven by China slowdown, offset by stronger H2 from new product launches and China recovery
- H1 2019 sales range from **-2%** to **0%** vs 2018
  H2 2019 sales range from **+6%** to **+8%**
- No large negative impact from Brexit or global trade
- Strong turbocharging penetration gains to continue in gasoline/hybrid and variable geometry platforms

Sales of Gasoline = Diesel
By EOY 2019

[1] 2018 Adjusted EBITDA was $618 million, 2019 guidance set at current market conditions for FX.
[2] Adjusted levered free cash flow conversation rate, including interest but excluding indemnification and MTT payments to HON as a percentage of Adjusted EBITDA.



**Well positioned to improve our key metrics in 2019**

# Long-Term Financial Targets (2018 - 2022)

Garrett
ADVANCING MOTION

| | |
|---|---|
| **REVENUE** | Expect **4%-6%** CAGR |
| **CAPITAL EXPENDITURES** | Approximately **3.0%-3.5%** as a percentage of net sales |
| **ADJUSTED EBITDA MARGIN** | Expect **18%-20%** Adjusted EBITDA margin (excludes indemnity charges)* |
| **LIQUIDITY** | Maintain strong liquidity position with no near-term maturities |
| **TAX RATE** | Approximately **27%**, improving through 2022 |
| **LEVERAGE** | Net leverage of **2x** Consolidated EBITDA on or about EOY 2020 |
| **USE OF FCF** | Near-term focus on deleveraging the balance sheet |

* Excludes impact from foreign currency exchange.

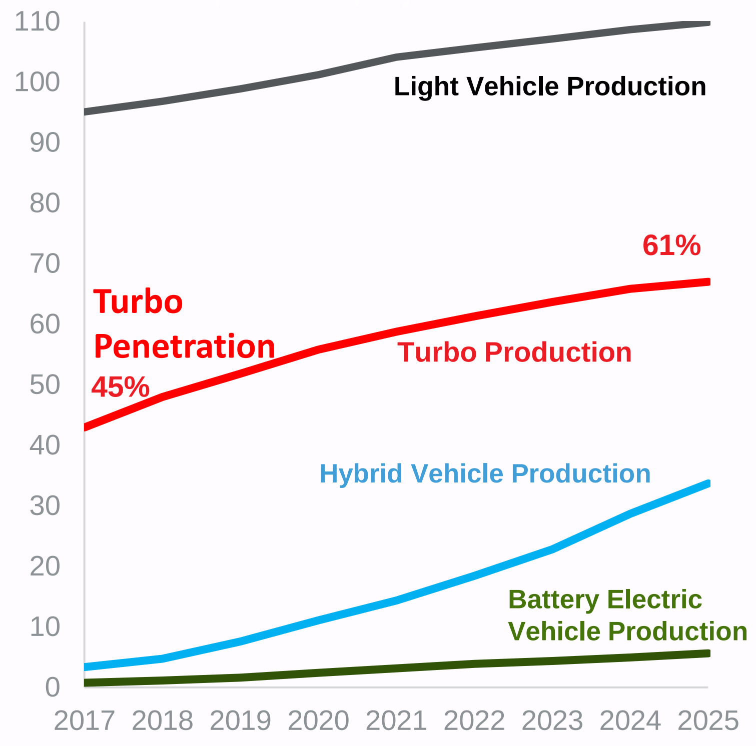


**Focused on strengthening long-term financial performance**

# Strong Business Fundamentals

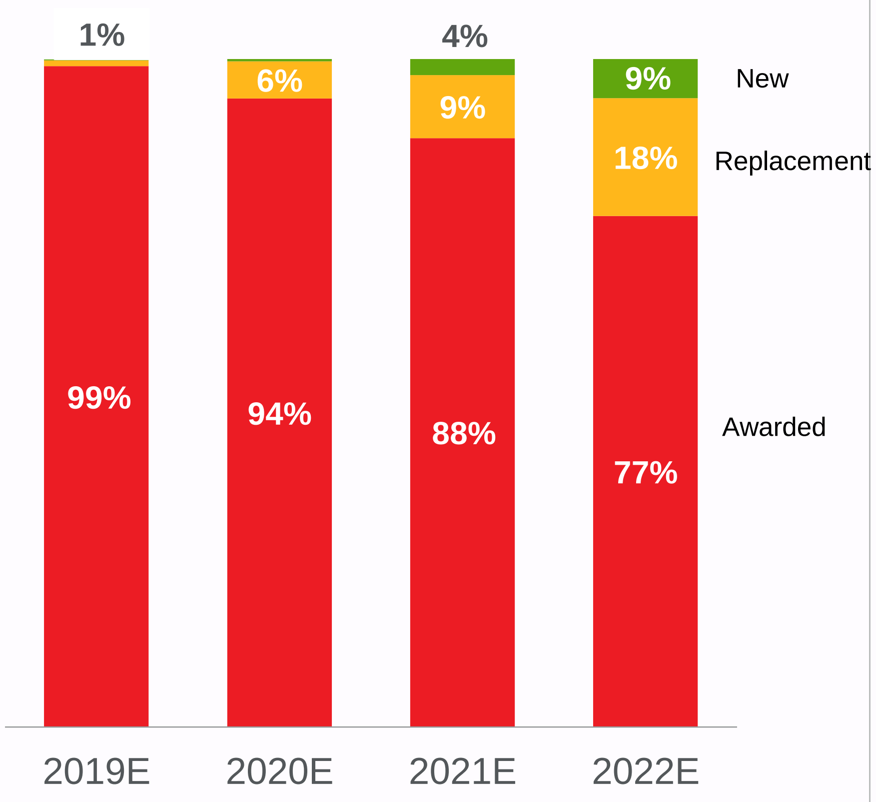
Garrett
ADVANCING MOTION

## Favorable Secular Drivers



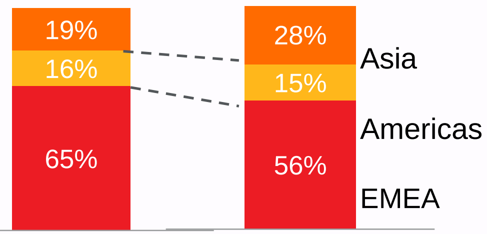

**+ 24M turbocharged cars by 2025**

## Strong Revenue Visibility




## Flexible and Low Cost Structure

| | Past | 2018 |
|---|---|---|
| % Variable cost structure | 67% | ~80% |
| % Low-cost country footprint | 42% | ~80% |
| % Low-cost country supply | 45% | ~70% |
| Working capital turns | 12x | >20x |
| Cost split by geography | | |




Source: IHS data. Future bookings represent best estimates based on market conditions and other factors. Actual results may differ materially. Please see Forward Looking Statements on Slide 2.



**Hybridization expected to drive turbo production volumes through 2025**

# Technology Growth Strategy

Garrett
ADVANCING MOTION

**CORE TURBO**

- Upcoming CO2 emission milestones driving need for increased turbo technology
- Core turbo innovations enable advanced Combustion Systems for ICE and Hybrids
- Accelerating penetration of Turbo gasoline VNT programs and awards

**ELECTRIFICATION & SOFTWARE**

- Electrified and connected vehicles drive new needs for advanced solutions
- Increasing interest in our unique E-Boosting, E-Turbo and Fuel cell solutions
- Secured new pilots for our connected offerings

**PIPELINE**

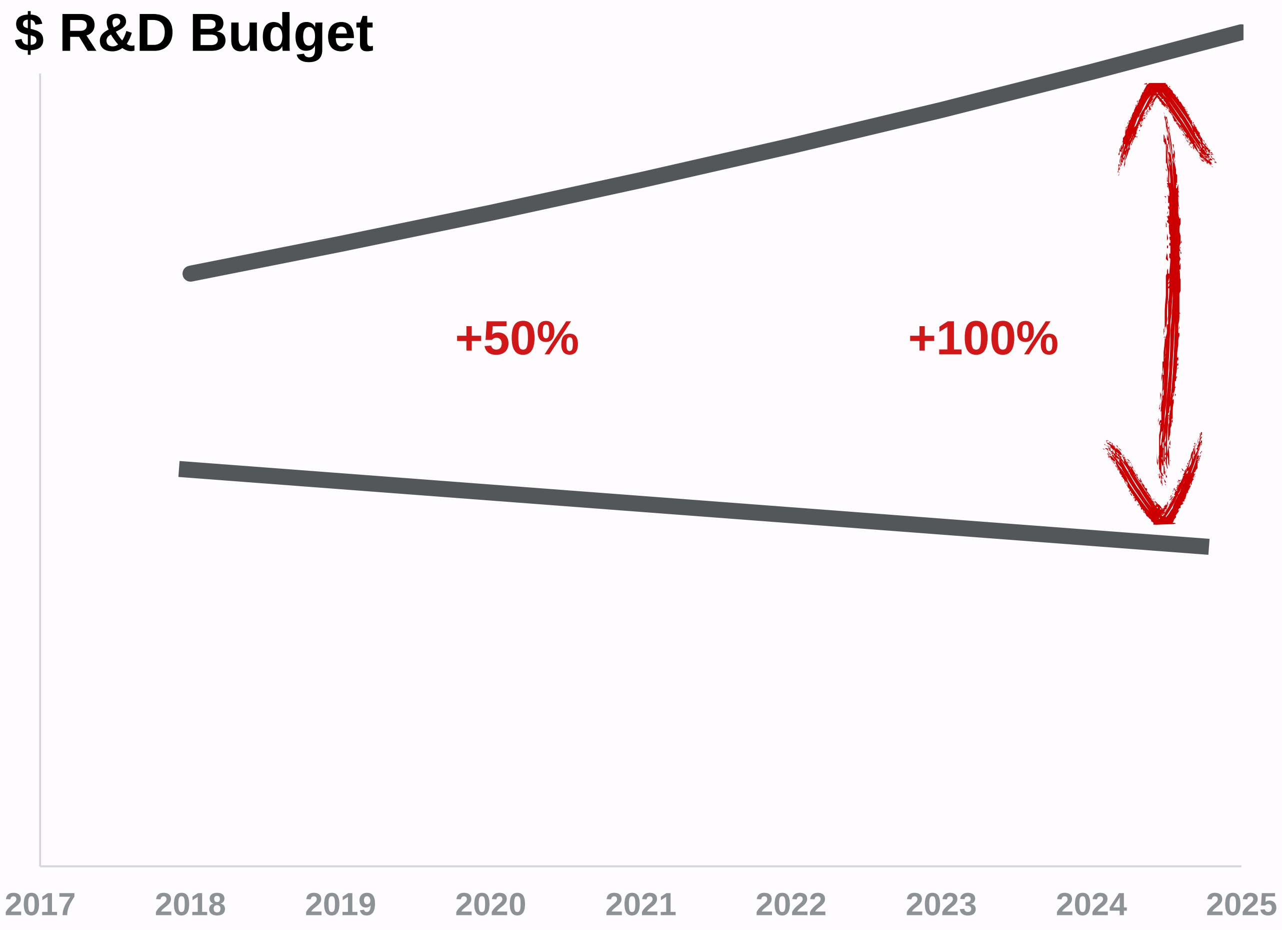
- Building on core mechanical, electric and software competencies
- Applying high speed motors and model-based controls to new challenges
- Expanding pipeline of proof-of-concept opportunities with additional customers



**Three stages of growth, fueled by technology**

# Increasing R&D Supports Emerging Growth Vectors

Garrett
ADVANCING MOTION




**Total R&D budget, assume +4-6% net sales CAGR**

**Investment capacity in new growth**

**Core turbo investment with year over year productivity**



**Investment capacity available to support growth and innovation**

# Key Takeaways

Garrett
ADVANCING MOTION

- Above-industry net sales growth driven by new product launches
- Strong margin driven by differentiated technology, cost control, and productivity
- Portfolio re-balancing is accelerating; on-track to be completed by end of 2019
- 2018 results reinforce the positive fundamentals of our business
- Targeting **2%-4%** organic growth in 2019 net sales; **$630M-$650M**[1] Adjusted EBITDA
- **55%-60%** Adjusted levered free cash flow conversion[2]
- Continuous focus on new growth vectors and pipeline

[1] 2019 guidance set at current market conditions for FX.
[2] Free Cash Flow, including interest but excluding indemnification and MTT payments to HON, as a percentage of Adjusted EBITDA.



**Results confirm the strong fundamentals of our business and positive future outlook**

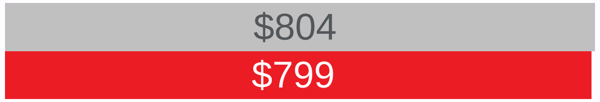
# Appendix

# Key Financial Metrics: Q4 2017 – Q4 2018

*($M)*

Garrett
ADVANCING MOTION

### Net Sales




(1%) Reported   +2% Organic

***+2% organic growth in 2018***

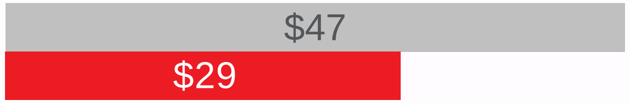
### Adjusted EBITDA[1], with hedging


+3%

### Adjusted EBITDA[1], without hedging


+5%

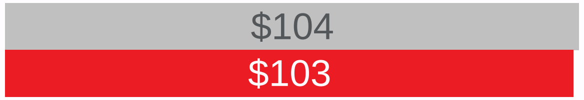
### Capital Expenditures




(38%)

***Capex 3.6% of Net Sales***

### Income Before Taxes




(1%)

***Income Before Taxes 12% of Net Sales***

### Adjusted EBIT[1], with hedging

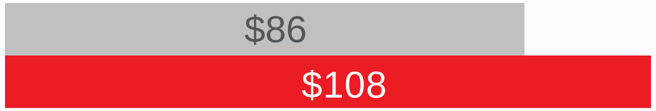

+2%

2017
2018

### Adjusted EBIT[1], without hedging


+4%

### Adjusted EBITDA minus CAPEX[1]




+26%

***79% Conversion Rate****

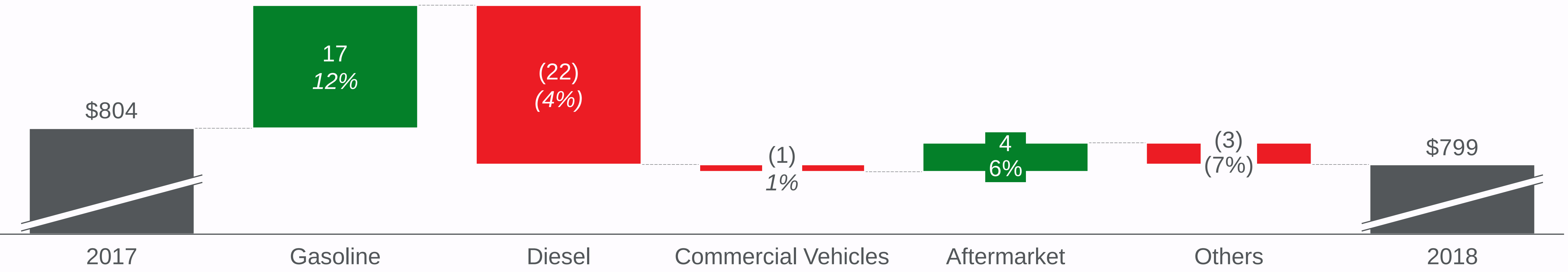
[1] Reconciliations to Non-GAAP financial measures are included in Appendix. * Calculated as Adjusted EBITDA minus 3M capital expenditures/Adj. EBITDA.



**Net sales Q4 +2% organic growth; Adjusted EBITDA excluding hedging +5%**

# Net Sales Bridge: Q4 2017 – Q4 2018

($M)




12% Organic growth in gasoline, mainly from Europe

(4%) Organic decline in diesel, significantly better than global industry

1% Organic growth in commercial vehicles, driven by North America and Europe

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

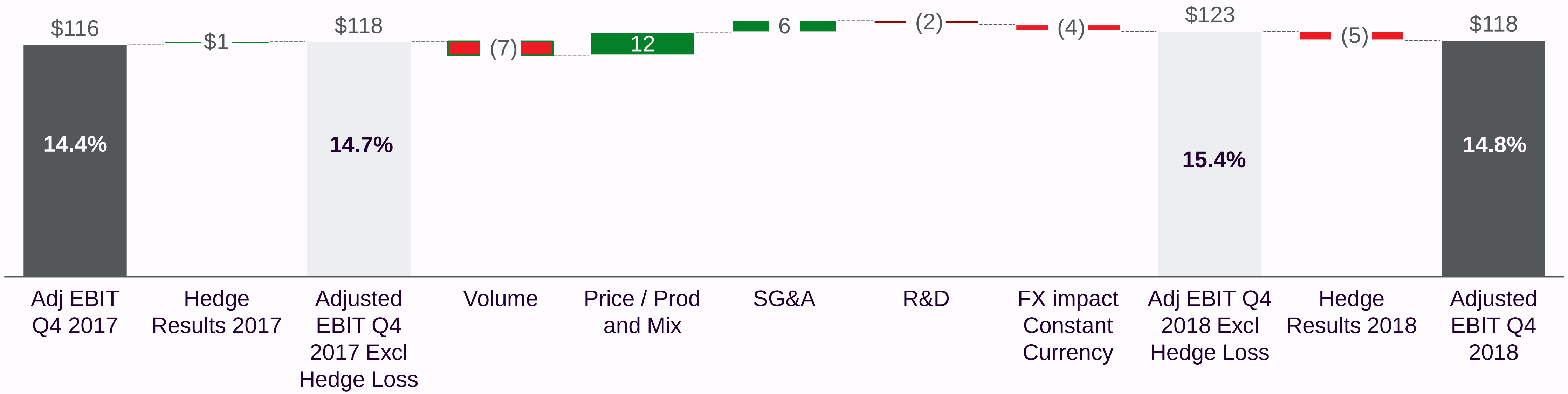


**Organic revenue growth of 2% in Q4 2018**

# Adjusted EBIT / Adjusted EBITDA Walk: Q4 2017 – Q4 2018

Garrett
ADVANCING MOTION

($M)




| Adj. EBITDA Q4 2017 | Adj. EBITDA Q4 2017 Excl. Hedge Loss | Adj. EBITDA Q4 2018 Excl. Hedge Loss | Adj. EBITDA Q4 2018 |
|---|---|---|---|
| $133M | $134M | $141M | $137M |
| 16.5% | 16.7% | 17.6% | 17.1% |

- Volume related revenue decrease converted into ($7M) EBIT
- Continued strong manufacturing and materials productivity offsetting pricing and mix
- SG&A $6M lower than last year, disciplined SG&A investment after spin-off

Reconciliations to Non-GAAP financial measures are included in Appendix.



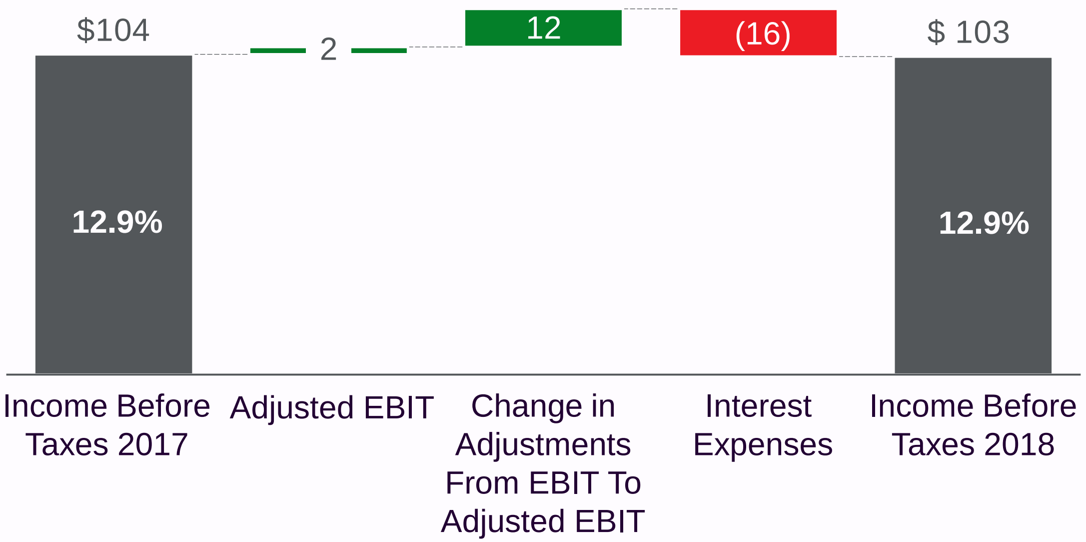
**Adjusted EBITDA in Q4 2018 up $5M, or 4% excluding hedging**

# Q4 2018 Income Before Taxes

*($M)*

Garrett
ADVANCING MOTION

## Q4 2017 – Q4 2018




## Adjustments

| | 2017 | 2018 | V 2017 |
|---|---|---|---|
| HON Indemnification | (1) | 12 | 13 |
| Non-operating Income / (expenses) | (1) | (0) | 1 |
| Stock Compensation expense | (3) | (5) | (2) |
| Repositioning charges | (7) | 0 | 8 |
| Foreign exchange gain / (loss) on debt | 0 | (1) | (1) |
| 1X Costs | 0 | (6) | (6) |
| **Total Adjustments** | **(12)** | **(0)** | **12** |

Figures may not sum exactly due to rounding.



**Income before taxes in Q4 2018 remained stable**

# Income Statement

Garrett
ADVANCING MOTION

| Q4 2018 | Q4 2017 | *($ in millions)* | Full Year 2018 | Full Year 2017 |
|---|---|---|---|---|
| **$799** | **$804** | **Net sales** | **$3,375** | **$3,096** |
| 627 | 631 | Cost of goods sold | 2,599 | 2,361 |
| **172** | **173** | **Gross profit** | **776** | **735** |
| 63 | 69 | Selling, general and administrative expenses | 249 | 249 |
| (12) | 1 | Other expense, net | 120 | 130 |
| 16 | 3 | Interest expense | 19 | 8 |
| 2 | (4) | Non-operating (income) expense | (8) | (18) |
| **103** | **104** | **Income before taxes** | **396** | **366** |
| 60 | 1,324 | Tax expense (benefit) | (784) | 1,349 |
| **$43** | **($1,220)** | **Net income (loss)** | **$1,180** | **($983)** |

# Balance Sheet Summary

Garrett
ADVANCING MOTION

*($ in millions)*

| December 31, 2017 | Assets | December 31, 2018 |
|---|---|---|
| $300 | Cash and cash equivalents | $196 |
| 1,784 | Other current assets | 993 |
| 2,084 | Total current assets | 1,189 |
| 442 | Property, plant and equipment-net | 438 |
| 41 | Deferred income taxes | 165 |
| 430 | Other assets | 312 |
| $2,997 | Total assets | $2,104 |
| | **Liabilities** | |
| - | Obligations payable to Honeywell, current | $127 |
| 2,548 | Other current liabilities | 1,365 |
| 2,548 | Total current liabilities | 1,492 |
| - | Long-term debt | 1,569 |
| - | Obligations payable to Honeywell | 1,399 |
| 2,644 | Other liabilities | 237 |
| $5,192 | Total liabilities | $4,697 |
| | **Equity (deficit)** | |
| - | Common stock, par value | - |
| - | Additional paid-in capital | 5 |
| - | Retained earnings | (2,671) |
| (2,433) | Invested equity (deficit) | - |
| 238 | Accumulated other comprehensive income | 73 |
| (2,195) | Total stockholders' deficit | (2,593) |
| $2,997 | Total liabilities and stockholders' deficit | $2,104 |

Please refer to earnings press release issued on February 20, 2019 for Consolidated and Combined Balance Sheets.

# Summary of Cash Flows

Garrett
ADVANCING MOTION

| Q4 2018 | Q4 2017 | *($ in millions)* | Full Year 2018 | Full Year 2017 |
|---|---|---|---|---|
| **$43** | **($1,220)** | **Net (loss) income** | **$1,180** | **($983)** |
| **133** | **(163)** | **Net cash provided by (use for) operating activities** | **373** | **71** |
| **(33)** | **25** | **Net cash provided by (used for) investing activities** | **192** | **30** |
| **(102)** | **241** | **Net cash provided by (used for) financing activities** | **(658)** | **60** |
| 1 | 10 | Effect of foreign exchange rate changes on cash and cash equivalents | (11) | 20 |
| (1) | 113 | Net increase (decrease) in cash and cash equivalents | (104) | 181 |
| **197** | **-** | **Cash and cash equivalents at beginning of period** | **300** | **119** |
| **$196** | **$113** | **Cash and cash equivalents at end of period** | **$196** | **$300** |

Please refer to earnings press release issued on February 20, 2019 for Consolidated and Combined Statements of Cash Flows.

# Reconciliation of Net Income to Adjusted EBIT

Garrett
ADVANCING MOTION

| | ($ in millions) | Q4'17 | Q4'2018 | 2017 | 2018 |
|---|---|---|---|---|---|
| | **Net income (loss) - GAAP** | **(1,220)** | **43** | **(983)** | **1,180** |
| | Tax expense | 1,324 | 60 | 1,349 | (784) |
| | Profit before taxes | 104 | 103 | 366 | 396 |
| | Net interest (income) expense | (1) | 16 | (6) | 12 |
| | **EBIT (Non-GAAP)** | **104** | **118** | **360** | **408** |
| 1 | Other operating expenses, net (asbestos and environmental expenses) | 1 | (12) | 130 | 120 |
| 2 | Non-operating (income) expense | 1 | (0) | 1 | (4) |
| 3 | Stock compensation expense | 3 | 5 | 15 | 21 |
| 4 | Repositioning charges | 7 | (0) | 20 | 2 |
| 5 | Foreign exchange (gain) loss on debt, net of related hedging (gain) loss | - | 1 | - | (7) |
| 6 | 1 Time Costs | | 6 | | 6 |
| | **Adjusted EBIT** | **116** | **118** | **527** | **546** |
| | ***Adjusted EBIT%*** | ***14.4%*** | ***14.8%*** | ***17.0%*** | ***16.2%*** |
| 7 | FX Hedging (gain) / loss (net) | 1 | 4 | (14) | 38 |
| | **Adjusted EBIT Excluding FX Hedging (gain) / loss net (Non-GAAP)** | **118** | **123** | **513** | **584** |
| | ***Adjusted EBIT Excluding FX Hedging (Non-GAAP) %*** | ***14.7%*** | ***15.4%*** | ***16.6%*** | ***17.3%*** |

1. Inclusion of $175mm Honeywell Indemnity Obligation payment.
2. Removal of FX hedging-related gains and losses and unrealized FX re-measurement gains included in EBITDA.
3. Incremental costs above corporate allocations already included in Adjusted EBITDA based on standalone assessment.
4. Represents the impact of retrospective application of U.S: GAAP change for Revenue Recognition (ASC 606) adopted by the Company beginning in 2018, where upfront payments to customers are deferred and expensed over the estimated life of the customer contracts.
5. Other adjustments consists on 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.
6. One time cost related to the spin-off from Honeywell.
7. Removal of FX hedging-related gains and losses and unrealized FX re-measurement gains included in EBIT

# Reconciliation of Net Income to Adjusted EBITDA

Garrett
ADVANCING MOTION

| | ($ in millions) | Q4'17 | Q4'18 | 2017 | 2018 |
|---|---|---|---|---|---|
| | **Net income (loss) - GAAP** | **(1,220)** | **43** | **(983)** | **1,180** |
| | Tax expense | 1,324 | 60 | 1,349 | (784) |
| | Profit before taxes | 104 | 103 | 366 | 396 |
| | Net interest (income) expense | (1) | 16 | (6) | 12 |
| | Depreciation | 17 | 19 | 64 | 72 |
| | **EBITDA (Non-GAAP)** | **120** | **137** | **424** | **480** |
| | Other operating expenses, net (asbestos and environmental expenses) | 1 | (12) | 130 | 120 |
| | Non-operating (income) expense | 1 | (0) | 1 | (4) |
| | Stock compensation expense | 3 | 5 | 15 | 21 |
| | Repositioning charges | 8 | (0) | 20 | 2 |
| | Foreign exchange (gain) loss on debt, net of related hedging (gain) loss | - | 1 | - | (7) |
| | 1 Time Costs | | 6 | | 6 |
| | **Adjusted EBITDA (Non-GAAP) included in Form 10** | **133** | **137** | **590** | **618** |
| | ***Adjusted EBITDA %*** | ***16.5%*** | ***17.1%*** | ***19.1%*** | ***18.3%*** |
| 1 | FX Hedging (gain) / loss (net) | 1 | 4 | (14) | 38 |
| | **Adjusted EBITDA Excluding FX Hedging (gain) / loss net (Non-GAAP)** | **134** | **141** | **576** | **656** |
| | ***Adjusted EBITDA Excluding FX Hedging (Non-GAAP) %*** | ***16.7%*** | ***17.6%*** | ***18.6%*** | ***19.4%*** |
| 2 | Honeywell Indemnity Obligation payment(1) | (44) | (41) | (175) | (172) |
| 3 | Additional pro forma standalone costs | 6 | - | 9 | (1) |
| 4 | Pro Forma impact on cash paid to customers to be capitalized vs expensed | 2 | - | 10 | - |
| 5 | Oher non-recurring, non-cash expense(2) | 26 | 2 | 28 | 2 |
| | **Consolidated EBITDA** | **124** | **101** | **448** | **484** |
| | Add. Honeywell Indemnity Obligation Payment | 44 | 41 | 175 | 172 |
| | **Consolidated EBITDA (Non-Gaap, excl. Honeywell indemnity obligation)** | **168** | **142** | **623** | **656** |
| | **Consolidated EBIDA % margin (Non-GAAP, excl. Honeywell indemnity obligation)** | ***20.9%*** | ***17.8%*** | ***20.1%*** | ***19.4%*** |

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

2 Inclusion of $175mm Honeywell Indemnity Obligation payment

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

4 Represents the impact of retrospective application of U.S: GAAP change for Revenue Recognition (ASC 606) adopted by the Company beginning in 2018, where upfront payments to customers are deferred and expensed over the estimated life of the customer contracts

5 Other adjustments consists on 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



Note: Consolidated EBITDA is calculated in accordance with our proposed Credit Agreement and differs from EBITDA and Adjusted EBITDA as presented in the Form 10; We define "Consolidated EBITDA", which is a Non-GAAP financial measure, as Adjusted EBITDA less the assumed cash paid for asbestos and environmental obligations subject to a cap (denominated in Euro) equal to $175mm, calculated by reference to the Distribution Date Currency Exchange Rate in respect of a year in accordance with the terms of the Indemnification and Reimbursement Agreement, plus the sum of hedging (gains) losses, the difference between our estimate of costs as a stand-alone company and historical allocated costs, the impact of the cumulative effect of the change in accounting principles, and one-time non-cash charges. Consolidated EBITDA is used as part of our calculations with respect to compliance with certain debt covenants included in our proposed credit agreement.
LTM Represents last 12 months as of 9/30/2018.

# Reconciliation of Organic Sales % Change

Garrett
ADVANCING MOTION

| Q4 2018 | Q4 2017 | Garrett | Full Year 2018 | Full Year 2017 |
|---|---|---|---|---|
| (1%) | 10% | Reported sales % change | 9% | 3% |
| (3%) | 5% | Less: Foreign currency translation | 3% | 1% |
| 2% | 5% | Organic sales % change | 6% | 2% |
| | | **Gasoline** | | |
| 9% | 11% | Reported sales % change | 26% | 8% |
| (3%) | 5% | Less: Foreign currency translation | 4% | 0% |
| 12% | 6% | Organic sales % change | 22% | 7% |
| | | **Diesel** | | |
| (6%) | 7% | Reported sales % change | 3% | (6%) |
| (3%) | 7% | Less: Foreign currency translation | 4% | 1% |
| (4%) | 0% | Organic sales % change | (1%) | (7%) |
| | | **Commercial vehicles** | | |
| (1%) | 24% | Reported sales % change | 10% | 25% |
| (2%) | 3% | Less: Foreign currency translation | 2% | (0%) |
| 1% | 21% | Organic sales % change | 8% | 25% |
| | | **Aftermarket and other sales** | | |
| 4% | 0% | Reported sales % change | 2% | 1% |
| (2%) | 3% | Less: Foreign currency translation | 2% | 1% |
| 6% | (3%) | Organic sales % change | 0% | 0% |

We define organic sales percent as the year-over-year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation, acquisitions, net of divestitures and non-comparable impacts from adoption of the new revenue recognition standard. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

# Reconciliation of Cash From Operations Minus Capex

Garrett
ADVANCING MOTION

| Q4 2018 | Q4 2017 | *($ in millions)* | Full Year 2018 | Full Year 2017 |
|---|---|---|---|---|
| $133 | ($163) | Net cash provided by (used for) operating activities | $373 | $71 |
| ($29) | ($47) | Expenditures for property, plant and equipment (Capex) | ($95) | ($103) |
| $104 | ($210) | Net cash from operating activities minus Capex | $278 | ($32) |

We believe this metric is useful to investors and management as a measure of cash flow generated by the business.

# Reconciliation of Net Debt to Consolidated EBITDA, and Consolidated Debt to Consolidated EBITDA

Garrett
ADVANCING MOTION

| September 30, 2018 | *(Dollar amounts in millions)* | December 31, 2018 |
|---|---|---|
| $1,241 | Secured debt | $1,227 |
| - | Revolving cash facility | - |
| 406 | Unsecured debt | 401 |
| **1,647** | **Total term debt** | **1,628** |
| (12) | Net debt related to hedge obligations | (19) |
| **1,635** | **Consolidated debt** | **1,609** |
| | | |
| 1,647 | Total term debt | 1,628 |
| 98 | Related party note | - |
| (197) | Cash and cash equivalents | (196) |
| **1,548** | **Net debt** | **1,432** |
| | | |
| **$505** | **Consolidated EBITDA (last 12 months)** | **$484** |
| | | |
| **3.07x** | **Net debt to consolidated EBITDA** | **2.96x** |
| | | |
| **3.24x** | **Consolidated debt to consolidated EBITDA** | **3.33x** |

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

Garrett
ADVANCING MOTION

| *($ in millions)* | **Q4 2018** |
|---|---|
| **Net income (loss) - GAAP** | **$43** |
| Tax expense | 60 |
| Profit before taxes | 103 |
| Net interest (income) expense | 16 |
| Depreciation | 19 |
| **EBITDA (Non-GAAP)** | **137** |
| | |
| Other operating expenses, net (asbestos and environmental expenses) | (12) |
| Non-operating (income) expense | (0) |
| Stock compensation expense | 5 |
| Repositioning charges | (0) |
| Foreign exchange (gain) loss on debt, net of related hedging (gain) loss | 1 |
| One time costs | 6 |
| **Adjusted EBITDA (Non-GAAP) included in Form 10** | **137** |
| | |
| Change in working capital | 90 |
| Taxes (without MTT) | (11) |
| Capital Expenditures | (29) |
| Other | (15) |
| | |
| **Adjusted unlevered FCF** | **172** |
| Interest | (8) |
| **Adjusted levered FCF** | **164** |
| Indemnity obligation & MTT to HON | (60) |
| **Levered FCF** | **$104** |

# Reconciliation of Net Income to Proforma Adjusted Net Income

Garrett
ADVANCING MOTION

| *($ in millions)* | **Full Year 2018** |
|---|---|
| **Net income (loss) - GAAP** | **$1,180** |
| Tax special items | ($879) |
| **Adjusted net income (Non-GAAP)** | **$301** |
| Q4 interest expense | $19 |
| Annualized interest expense | $76 |
| **Variance annualized to Q4 interest expense** | **$57** |
| Tax to variance on interest expense | $42 |
| **Pro-forma adjusted net income (Non-GAAP)** | **$259** |
| | |
| Weighted average common shares outstanding - Basic | 74,059,240 |
| Weighted average common shares outstanding - Diluted | 74,402,148 |
| | |
| Earnings (losses) per common share - diluted (GAAP) | $15.86 |
| Net impact of adjustments per common share - diluted | ($11.81) |
| **Adjusted earnings per common share - diluted (Non-GAAP)** | **$4.05** |
| **Net impact of Q4 interest expense** | **$0.26** |
| Net impact of annualized interest expense | $1.02 |
| **Net impact of variance interest expense** | **$0.77** |
| Net impact of tax to variance on interest expense | $0.57 |
| **Pro-forma adjusted earnings per common share - diluted (Non-GAAP)** | **$3.48** |

# Reconciliation of Net Cash from Operating Activities to Adjusted Unlevered Free Cash Flow

Garrett
ADVANCING MOTION

| *($ in millions)* | **Q4 2018** |
|---|---|
| Net cash from operating activities | $133 |
| Expenditures for plant property and equipment | (29) |
| **Net operating cash flow minus capex** | **104** |
| Indemnity obligation and MTT to Honeywell included | 60 |
| **Adjusted levered free cash flow** | **164** |
| Interest expense | 8 |
| **Adjusted unlevered free cash flow** | **$172** |

Garrett
ADVANCING MOTION

www.garrettmotion.com | garrettmotion