

AUGUST 2024

# STRENGTHENING TODAY, SHAPING TOMORROW

**Garrett**  
ADVANCING MOTION

### **Forward Looking Statements**

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. 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 inflationary pressure on Garrett's business and management's inflation mitigation strategies, financial results and financial conditions, industry trends and anticipated demand for our products, Garrett's strategy, anticipated supply constraints, anticipated developments in emissions standards, trends including with respect to production volatility and volume, Garrett's capital structure, new product development and capital deployment plans for the future including expected R&D expenditures, anticipated impacts of partnerships with third parties, and Garrett's outlook for 2024. 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 Garrett 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, 2023, as well as our other filings with the Securities and Exchange Commission, under the 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 the following Non-GAAP financial measures which are not calculated in accordance with generally accepted accounting principles in the United States (“GAAP”): constant currency sales growth, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, and Adjusted free cash flow. 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 analysis of ongoing operating trends. Garrett believes that the Non-GAAP measures presented herein are important indicators of operating performance because they exclude the effects of certain items, therefore making them more closely reflect 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 Non-GAAP financial measures, see the Appendix to this presentation and our annual report on Form 10-K for the year ended December 31, 2023.

# Today's Presenters



**Olivier Rabiller**  
President & Chief  
Executive Officer

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*29 Years Industry Experience*

*22 Years at  
Garrett / Honeywell*



**Sean Deason**  
SVP & Chief  
Financial Officer

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*24 Years Industry Experience*

*4 Years at  
Garrett*

# Garrett: Global Leader and Innovation Powerhouse

## Key Statistics

**Global #1**  
Turbo Player

**>50%**  
Win Rate of New Business<sup>1</sup>

**\$3.9B**  
2023 Revenue

**~\$2B**  
Market Capitalization

**~9,700<sup>2</sup>**  
Employees

**~1,300**  
Engineers

**\$100M+**  
Annual Investment in Electrification

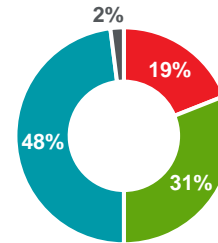
**~1,300**  
Patents Issued or Pending

**5**  
R&D Centers

**13**  
State-of-the-art Manufacturing Facilities

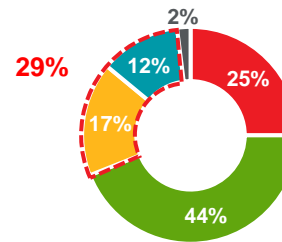
## 2023 Revenue Breakdown

### By Geography



■ North America    ■ Europe  
■ Asia    ■ Other

### By Product Line



■ Diesel    ■ Aftermarket  
■ Gas    ■ Commercial Vehicle  
■ Other

## Technologies Offering

### Commercial Vehicle & Industrial



Large Free-Float    Double Axle VNT    Wastegate

### Light Vehicle Diesel, Gas & Hybrid



Wastegate    Variable Nozzle Turbine (VNT)    Two Stage



E-Turbo    E-Compressor

Emission Reduction

Zero Emission



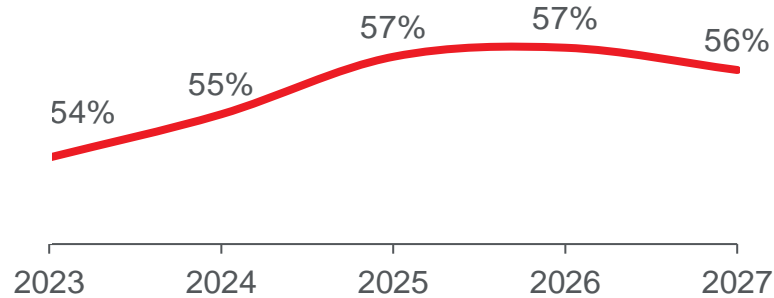
Fuel Cell Compressor    E-Powertrain    E-Cooling Compressor

<sup>1</sup> Reflects Garrett win rate on total turbo industry opportunities  
<sup>2</sup> Includes approximately 7,600 permanent employees and 2,100 temporary and contract workers globally as of 12/31/2023

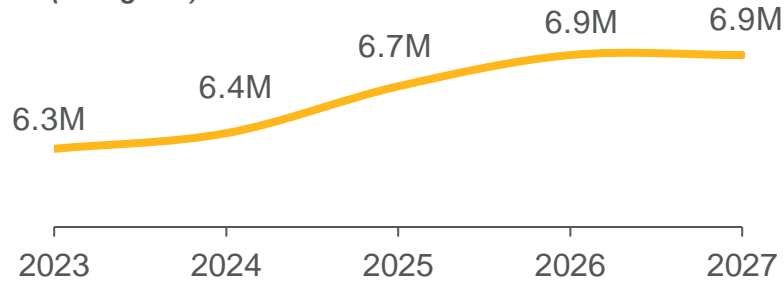
# Leader in Turbo, a more resilient industry than ICE

## Turbo tech: longer tail than ICE

Light Vehicles turbo penetration on Internal Combustion Engines (%)<sup>2</sup>



Commercial Vehicles Turbocharged Engines (M engines)<sup>2</sup>



- **Increasing Turbo tech. content** with tighter emission standards

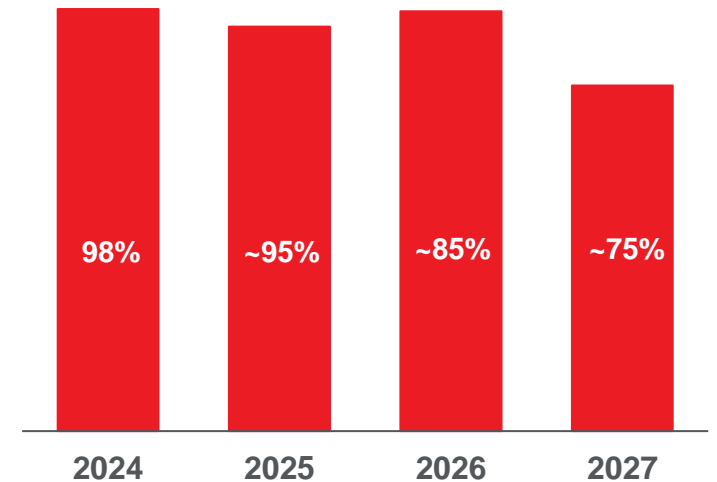
## Garrett leadership expansion

- **#1 Turbo** Industry Leader
- **>50% new business win rate** on average since 2018
- **Broadest portfolio** of Turbo technologies for Light Vehicle and Commercial Vehicle
- **Expanding range further** in Industrial with **Large Frame Turbo** for Power Generation and Marine

## Long term visibility on booked sales

- **>80%** cumulative OEM sales already secured **4 years** in advance

Projected OEM Sales Already Awarded<sup>1</sup>



- **29% of total sales** from Commercial Vehicles, Industrial & Aftermarket in 2023, **and growing**

<sup>1</sup> Source: Management estimates and %, \$ billions bar height  
<sup>2</sup> Source: S&P Mobility, December 2023 for LV; KGP December 2023 for CV (including On-highway and Off-highway)

# CV & Industrial Turbo Business Importance & Runway for Growth **Garrett** ADVANCING MOTION

## NEW LARGE FRAME



GT 80 frame-size being assembled in Torrance

**31%**  
Commercial Vehicle, Industrial &  
Aftermarket contribution to sales in 2022



**x1-10+**

ASP multiplier vs.  
Light vehicle Turbo

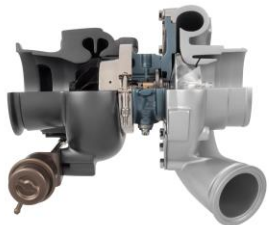


- Commercial vehicle, industrial & aftermarket products are **Higher margin** & contribute to earnings on an outsized basis

- ▶ Stable earnings stream
- ▶ Long lifespan projects
- ▶ High OE stickiness

- Aim to **grow the customer base** and expand scope in **Marine** and **Power Generation** verticals

- ▶ **Expanding portfolio** to “bigger” applications, in **high & medium speed** domains



Wastegate (WG)



Double Axle Variable Nozzle Turbine (VNT)



# Track Record of Attractive Profitability and Cash Flow Generation **Garrett** ADVANCING MOTION

## Garrett financial framework



**High product profitability** driven by sustainable technology differentiation



**Flexible, low-cost structure** insures financial performance through macroeconomic conditions



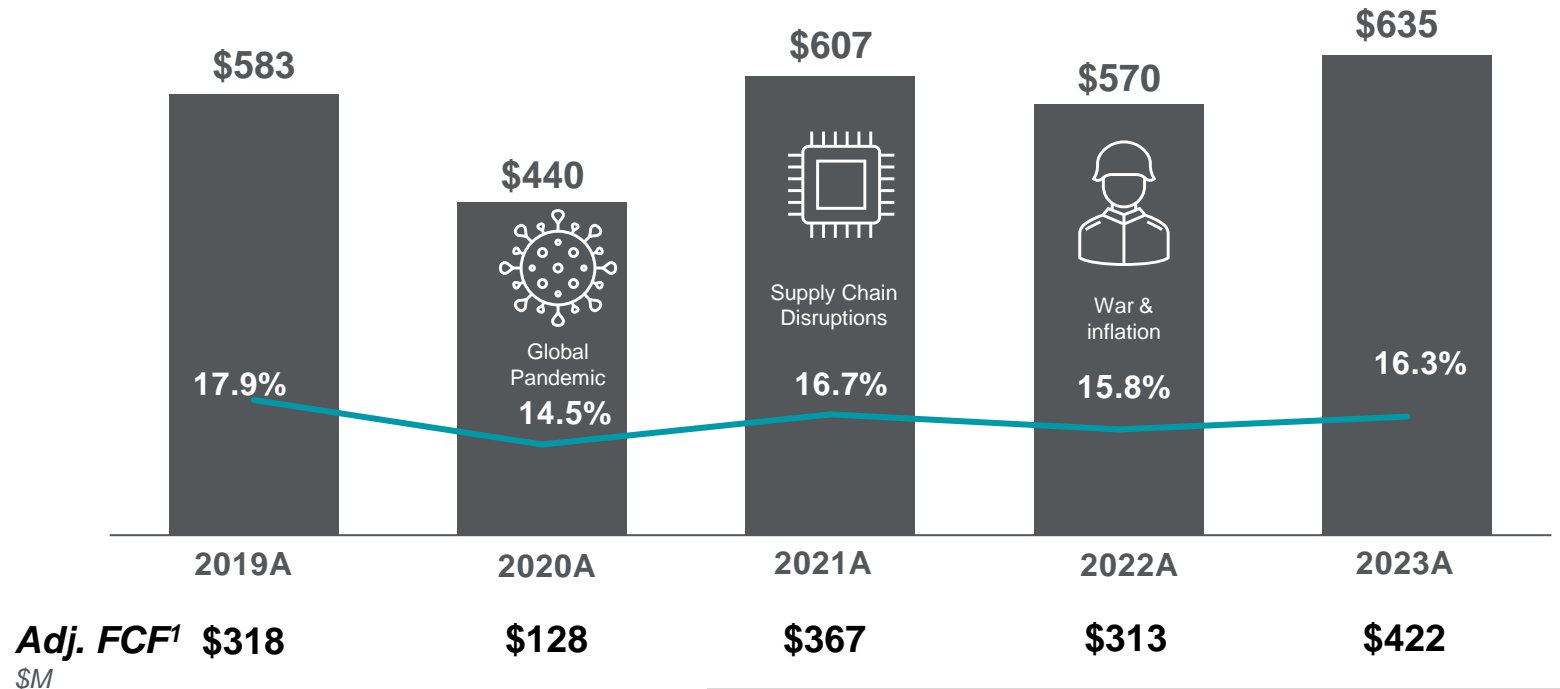
**Capital “light” operating model** drives low capital intensity and strong cash flow generation



## Leading to solid profitability and cash flow resilience across cycles

Adjusted EBITDA<sup>1</sup>  
\$M

■ Adjusted EBITDA<sup>1</sup> — Adj. EBITDA Margin<sup>1</sup>



Margin stability despite Fx and raw material inflation

<sup>1</sup> See Appendix for reconciliations of the Non-GAAP measures

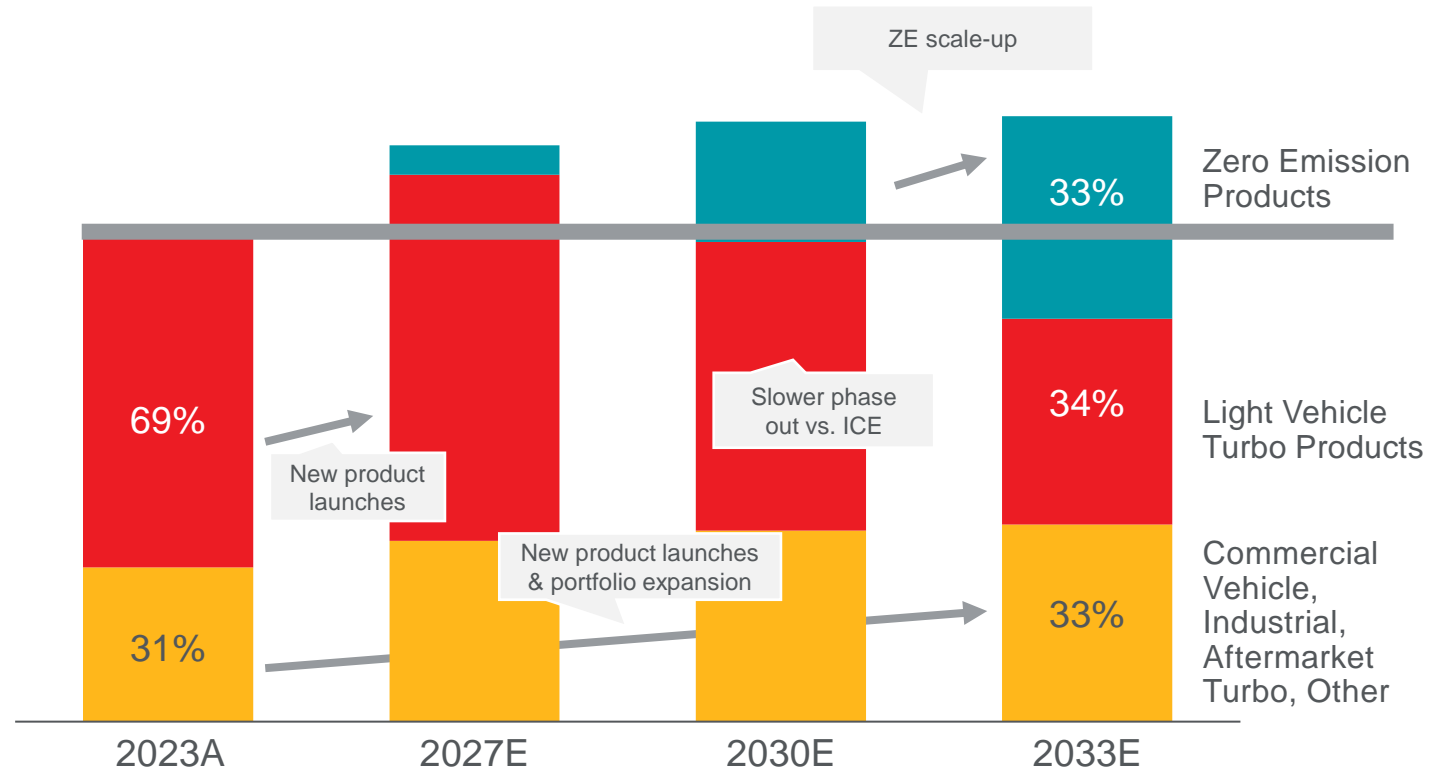
# Technology-driven mission provides long term profitable growth

## Applying Our Financial Framework...

- > 16% Adj. EBITDA Margin<sup>1</sup>
- < 5% R&D as % of Net Sales
- < 3% Capex as % of Net Sales
- > 20x Working Capital Turns
- 60% Free Cash Flow Conversion<sup>1</sup>
- < 2x Net Leverage Ratio<sup>1</sup>

## ...While Growing Beyond LV Turbo

Garrett Sales<sup>2</sup>



<sup>1</sup> See Appendix for reconciliations of the Non-GAAP measures  
<sup>2</sup> Source: Management estimates



# Garrett Technologies for Zero Emission Vehicles

## Hydrogen Fuel Cell EV (“FCEV”)

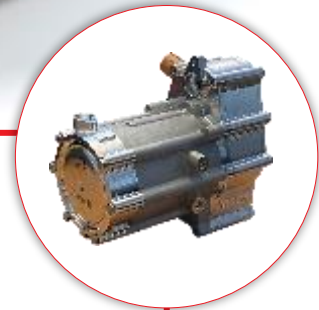
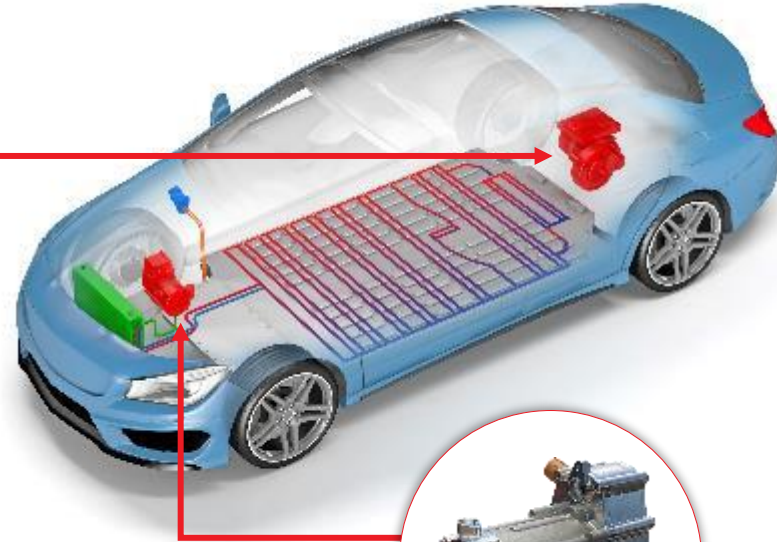
## Battery EV (“BEV”)



**Fuel Cell Compressor** for Hydrogen Vehicles  
Feeds the fuel cell stack with the air needed to generate electricity



**E-Powertrain** for Electric Vehicles  
Integrated E-motor, inverter (power electronics) and transmission solution for EV propulsion



**E-Cooling Compressor** for Electric Vehicles  
Crucial component in EV thermal management; circulates refrigerant fluid to cool the battery, E-Powertrain and cabin

# Garrett's Robust & Differentiated Zero Emission Pipeline

## Garrett Technology Advantage...

### Fuel Cell Compressor



- Unique **high-speed motor & controls electronics** technology
- Best in class **aerodynamics**, including turbine expander
- **IP protected** oil-less foil bearing & **high-speed balancing**
- **Broadest portfolio** for fuel cell applications 40-300kW+

### E-Powertrain



- Driving major technology step with **high-speed motor enabling 2-3x** industry standard of 15k rev/min
- **40%+ reduced weight & packaging space** benefit
- Proven **system integration** experience

### E-Cooling Compressor



- ✓ Build on **broad experience** with **fuel cell compressors**
- ✓ **High-speed motor & controls electronics** technology
- ✓ Best in class **aerodynamics** & IP protected **oil less bearing**
- ✓ **System optimization & controls** key to success

## ... Delivering High Customer Value

- ✓ **Reducing total cost of ownership**
- ✓ **Increasing vehicle range**
- ✓ **Increasing vehicle/fleet productivity**
- ✓ **Proven durability, 7 years in the field**

- ✓ **Increasing vehicle range & performance**
- ✓ **Freeing up space for better modularity across vehicle platforms**
- ✓ **Enabling installation in constrained applications**

- ✓ **Enabling ultra fast charging & high-speed driving**
- ✓ **Enhancing cabin comfort**
- ✓ **Easing installation (no oil lines)**
- ✓ **Quite operation**

# Fuel Cell Compressor (FCC)... Results so far

*First Generation launched in 2016,  
on the Honda Clarity*



**x2-3**

*ASP multiplier vs. Turbo  
Light Vehicle/Commercial  
Vehicle Waste Gate*

## WINNING BUSINESS

**11 Series Production  
Contracts awarded**



**>500**

Prototypes Delivered in 2023

**15+**

Customers Engaged

## PORTFOLIO: 4 FC COMPRESSOR FAMILIES

**FCC15** for cars & light commercial vehicle

**FCC22** for buses & medium-duty trucks

**FCC25** for heavy duty trucks

**FCC32** for heavy duty trucks, off highway & industrial applications

# High Speed E-Powertrain... Results so far

## WINNING BUSINESS

6 Pre-development Contracts Won



15+ Customers Engaged



## x5-10

*ASP multiplier vs. Turbo  
Light Vehicle/Commercial  
Vehicle Waste Gate*

### PORTFOLIO: 3 E-POWERTRAIN FAMILIES

**130kW** for small SUVs, compact sedan

**250kW** for SUV, Premium, Light Commercial Vehicles

**~400kW** for High Performance & Pick-up

# E-Cooling Compressor... Results so far



**x1-2**

*ASP multiplier vs. Turbo  
Light Vehicle/Commercial  
Vehicle Waste Gate*

## WINNING BUSINESS

**9** Pre-development Contracts Won



**20+** Customers Engaged



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### PORTFOLIO: 3 E-COOLING COMPRESSOR FAMILIES

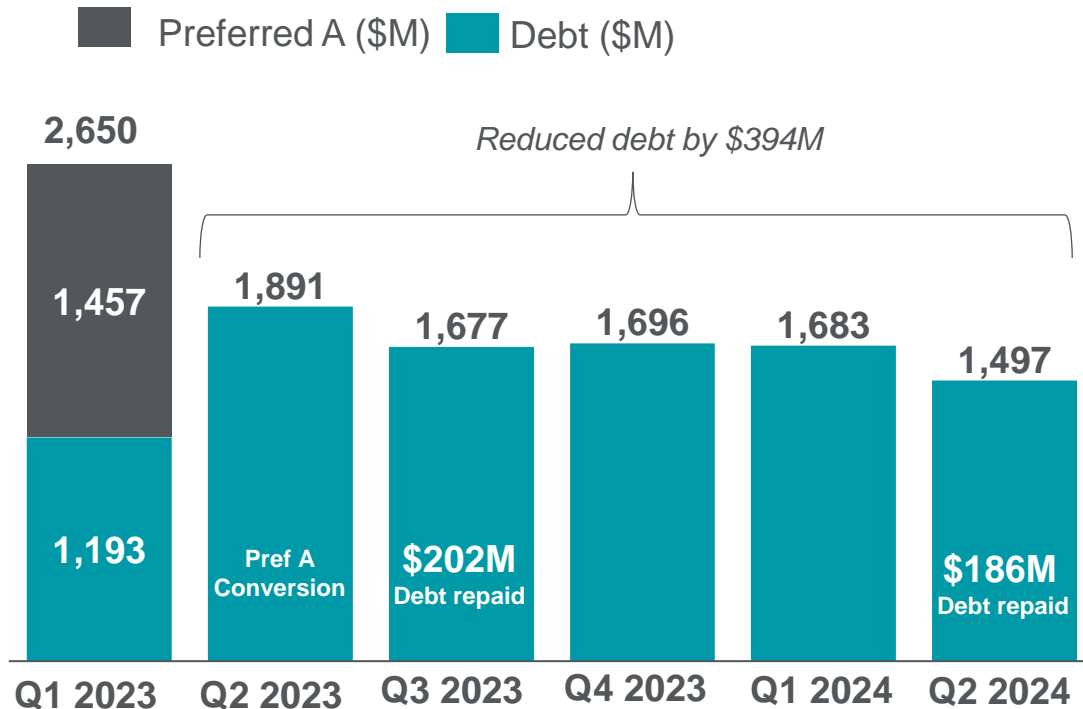
**15-25kW** for Light Vehicles

**25-35kW** for Commercial Vehicles

**40-60kW** for industrial usage

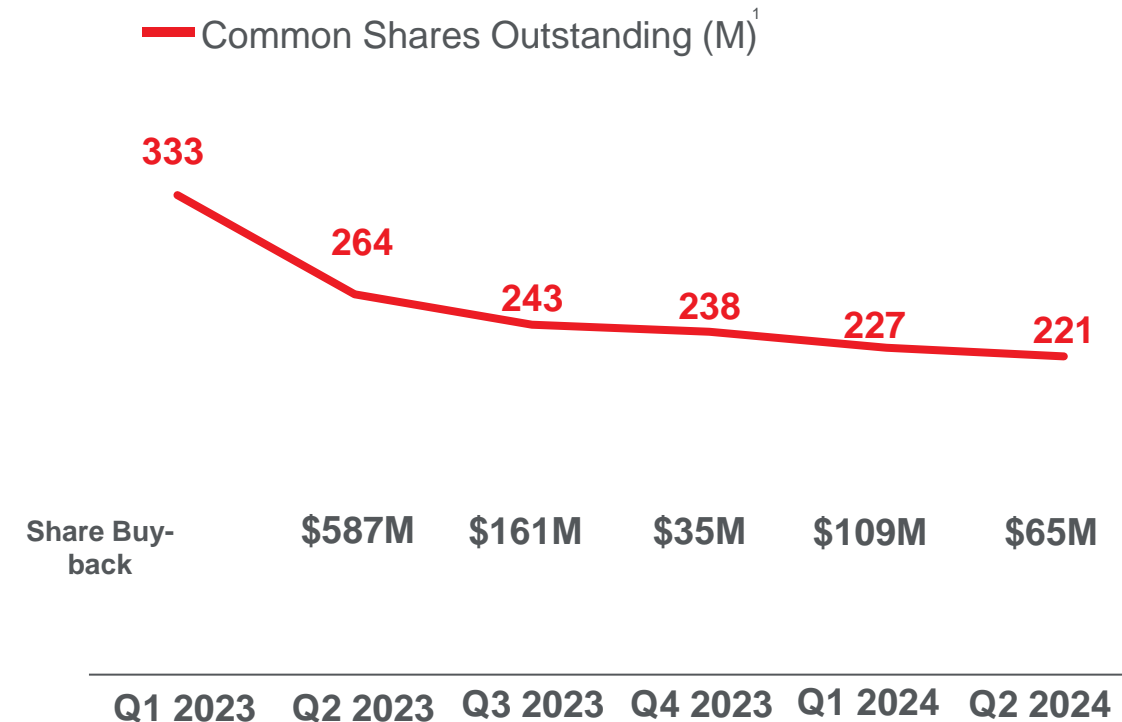
# Cash generation translates to attractive capital allocation

## Debt and Pref A Reduction



- Successful early conversion of Preferred A which carried an 11% dividend
- Issued \$800M Senior Unsecured Notes due 2032
- Reduced Debt by \$394M since Q2 '23

## Share Repurchases



- Repurchased \$957M or 34% of shares since the beginning of 2023

<sup>1</sup> Proforma includes Pref A Shares

# We remain focused on value creation

## Industry Leadership

**Continue to be #1 Turbo player** and leader in a technology-driven industry; Still investing in new Turbo technology especially for hybrids; Expanding into industrial applications

## Cash generation

**Proven performance** through business cycles; Framework of 60% adjusted free cash flow conversion<sup>1</sup> for the next 5 years while funding R&D and returning cash to shareholders

## Focused zero emission<sup>2</sup> strategy

**Focused investments on differentiated technology solutions** for our Fuel Cell Compressor, E-Powertrain and E-Cooling Compressor, targeting **\$1B annual zero emission<sup>2</sup> sales** by 2030

## Tech differentiation

New **zero emission** offerings, addressing unmet customer needs; sustaining **high margins** through **differentiated technology** that is difficult for competitors to replicate

## Talent & Culture

**Experienced team, proven performance, strong culture of innovation** centred on creating and delivering **breakthrough technology** at scale

<sup>1</sup> See Appendix for reconciliations of the Non-GAAP measures  
<sup>2</sup> Zero Emission includes Battery Electric and Fuel Cell Vehicles

# APPENDICES





# Reconciliation of Net Income to Adjusted EBITDA and Related Ratios

(\$ in millions)	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
<b>Net income - GAAP</b>	<b>\$261</b>	<b>\$390</b>	<b>\$495</b>	<b>\$80</b>	<b>\$313</b>
Net interest expense	\$152	\$6	\$82	\$76	\$61
Tax expense	\$86	\$106	\$43	\$39	\$33
Depreciation	\$90	\$84	\$92	\$86	\$73
<b>EBITDA (Non-GAAP)</b>	<b>\$589</b>	<b>\$586</b>	<b>\$712</b>	<b>\$281</b>	<b>\$480</b>
Other expense, net (includes expense incurred to discount or factor the Company's receivables)	4	2	0	45	40
Non-operating income	(6)	(41)	(12)	5	8
Reorganization items, net	0	3	(125)	73	0
Stock compensation expense	14	11	7	10	18
Repositioning charges	13	4	16	10	2
Foreign exchange (gain) loss on debt, net of related hedging (gain) loss	(1)	0	9	(38)	7
Spin-off costs	0	0	0	0	28
Professional service costs	0	0	0	52	
Capital structure transformation costs	22	0	0	0	0
Capital tax expense	0	0	0	2	0
Loss on extinguishment of debt	0	5	0	0	0
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$635</b>	<b>\$570</b>	<b>\$607</b>	<b>\$440</b>	<b>\$583</b>
<b>Net sales</b>	<b>\$3,886</b>	<b>\$3,603</b>	<b>\$3,633</b>	<b>\$3,034</b>	<b>\$3,248</b>
Net income (loss) margin	6.7%	10.8%	13.6%	2.6%	9.6%
Adjusted EBITDA margin	16.3%	15.8%	16.7%	14.5%	17.9%

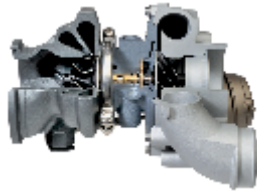
# Reconciliation of Cash Flow from Operations to Adjusted Free Cash Flow and Related Ratios

(\$ in millions)

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
<b>Net cash provided by operating activities (GAAP)</b>	\$465	\$375	(\$310)	\$25	\$242
Expenditures for property, plant and equipment	(83)	(91)	(72)	(80)	(102)
<b>Net cash provided by operating activities less expenditures for property, plant and equipment (Non-GAAP)</b>	<b>\$382</b>	<b>\$284</b>	<b>(\$382)</b>	<b>(\$55)</b>	<b>\$140</b>
Honeywell Indemnity Agreement expenses	0	0	0	43	0
Stalking horse termination reimbursement	0	0	79	0	0
Chapter 11 Professional service costs	0	5	220	101	0
Capital structure transformation costs	8	0	0	0	0
Honeywell Settlement as per Emergence Agreement	0	0	375	0	0
Chapter 11 related cash interests	0	0	41	0	0
Pension cash	0	0	0	0	0
Stock compensation cash	0	0	10	0	0
Cash payments for repositioning	11	4	14	5	0
Cash proceeds from cross currency swap	19	0	0	0	0
Factoring and P-notes	2	20	10	34	0
Honeywell indemnity and mandatory transition tax related payments	0	0	0	0	178
<b>Adjusted free cash flow (Non-GAAP)</b>	<b>\$422</b>	<b>\$313</b>	<b>\$367</b>	<b>\$128</b>	<b>\$318</b>
Net income - GAAP	<b>\$261</b>	<b>\$390</b>	<b>\$495</b>	<b>\$80</b>	<b>\$313</b>
operating cash flow conversion	178%	96%	-63%	31%	77%
Adjusted EBITDA	<b>\$635</b>	<b>\$570</b>	<b>\$607</b>	<b>\$440</b>	<b>\$583</b>
Adjusted free cash flow conversion	66%	55%	60%	29%	55%

# Industry Transition Driving Greater Content & Higher ASP

## Core Tech



Waste Gate (WG) technology

## Advanced Turbo Technologies



Variable Nozzle Technology (VNT)



E-Turbo

## New ZEV Technologies



E-Cooling Compressor



Fuel Cell Compressor



E-Powertrain

Light Vehicles (LV)

**100-400\$**

Average Selling Price (ASP) per Turbo

**x1.2-1.3**

ASP multiplier vs. LV WG

**x2**

ASP multiplier vs. LV WG

**x1-2**

ASP multiplier vs. LV/CV WG

**x2-3**

ASP multiplier vs. LV/CV WG

**x5-10**

ASP multiplier vs. LV/CV WG

Commercial Vehicles & Industrials (CV)

**x1-5+<sup>1</sup>**

ASP multiplier vs. Light vehicle

**x2**

ASP multiplier vs. CV WG

**x2**

ASP multiplier vs. CV WG

<sup>1</sup>Depending on size & volumes, up to several thousand dollars

# Successful Innovation Shift to Electrification Technologies

## Turbomachines for Air Compression



*High precision design & assembly, high speed balancing, and ability to operate in harsh environments across multiple use cases*



Withstands temperatures up to **1,900°F**  
Operating with tolerances of **7x thinner than hair**

## High-Speed Motors



*Best-in-class power density, producing the same amount of power in a smaller, more compact form*



E-Turbo motor can rotate in **excess of 200,000** revs per minute  
Operates at **10x typical automotive E-motor speeds**

## Power Electronics

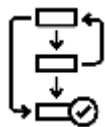


*Unique, compact design for high speed / high power motor control, operating in harsh environments (vibration, temperature)*



High voltage **400-800V** electronics in a compact design  
Industry-leading **30,000 Hertz** switching frequency

## Control Software



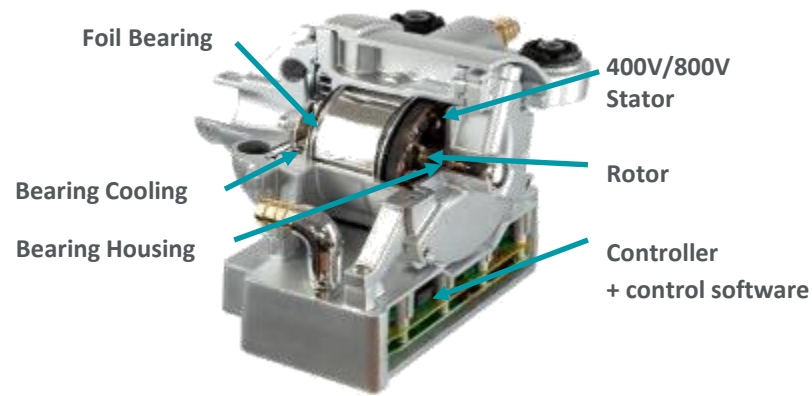
*Use on-board digital twins to optimize energy efficiency of all vehicle types in real-time*



Up to **30x smaller memory footprint**  
Up to **6x faster** execution time vs. closest competitor

# Fuel Cell Compressor (FCC): efficient and durable

## High-Speed Air Compressor system...



A **high-speed** electric motor (>150krpm), enclosed in an **ultra-compact** form factor, and controlled by **high voltage** inverter

## ...Bringing Best-in-Class efficiency and durability

To drive **100** km a Fuel Cell Electric Vehicle consumes  
... **1** kg of Hydrogen  
... **60** m<sup>3</sup> of air

The **Fuel Cell Compressor** plays the **critical mission** of providing that compressed **air**, determining the **efficiency of the entire system**, from light vehicle to heavy duty trucks (40kW to 300kW)



**-10%**

Power Consumption

**40%**

Downsizing Fuel Stack

**-30%**

Weight Reduction

**220-800V**

Power architecture compatible

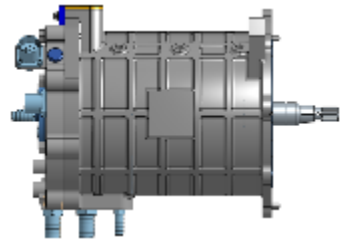
**2x**

More durable

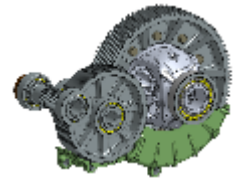
# High Speed E-Powertrain: Higher Power, Smaller Package

Designed to re-set the benchmark...

...via Best-in-Class Power Density



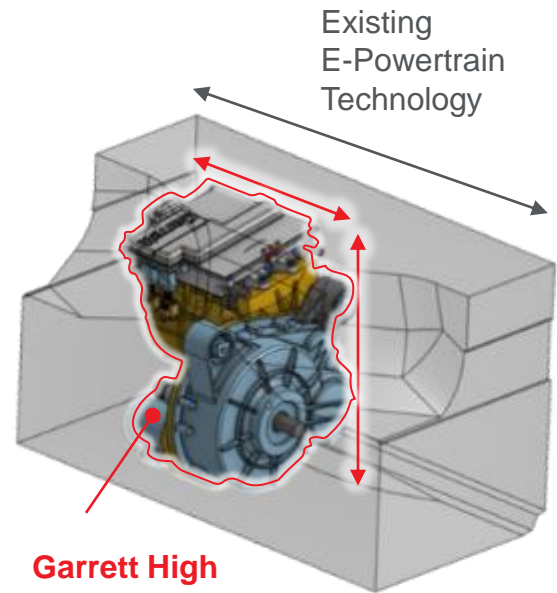
**IPM Motor**  
True high-speed  
**35krpm**



**Gearbox**  
Gear ratio  
**24:1**

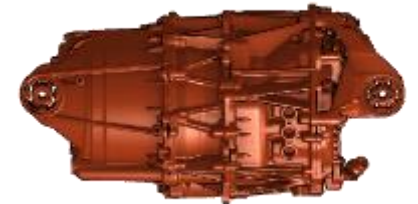


**Inverter**  
800V **>15kHz**



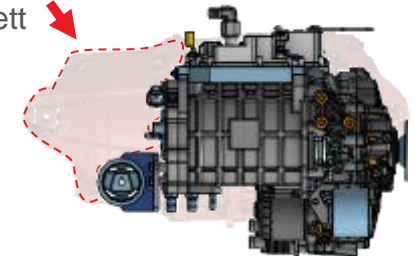
**Garrett High Speed E-Powertrain**

*Leading US BEV player*



Space freed up by Garrett

**Garrett**  
ADVANCING MOTION  
250kW A-Sample



**-50%**

Packaging Size Reduction

**-40%**

Weight Reduction

**-35%**

Rare Earth (magnet & copper) Content Reduction

**60%**

Continuous to Peak Power Ratio

**Best In Class**

Energy Efficiency

# E-Cooling Compressor: step change in cooling & heating power

## A new refrigerant compressor technology...

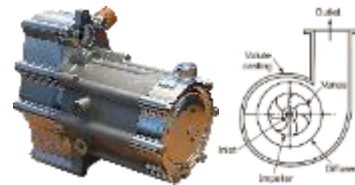
### Industry standard



**Volumetric scroll compressor**  
10 kRPM, oil lubricated

Cooling performance  $\downarrow$  @ higher ambient T °C  
Heating performance  $\downarrow$  @ lower ambient T °C

### Garrett

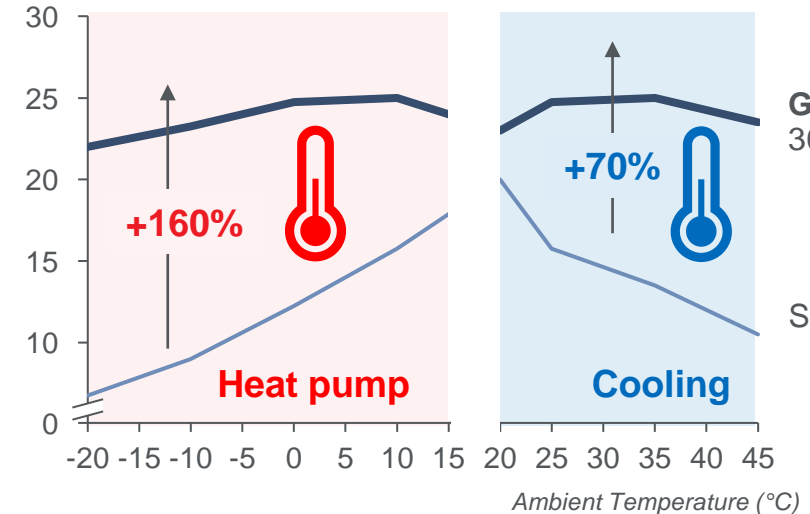


**Centrifugal compressor**  
160 kRPM, oil-free foil bearings

Cooling performance  $\uparrow$  @ higher ambient T °C  
Heating performance  $\uparrow$  @ lower ambient T °C

## ... bringing breakthrough in performance

Cooling / Heating Power (kW)



**GTX compressor**  
30 mm wheel dia  
Similar size & weight (6kg)

Scroll compressor  
60 cc



**>20%**

Reduction in fast-charging time

**No de-rating**

During intensive driving

**3x**

Faster cabin cool-down

**2x**

smaller for same cooling/heating power

**-10dB**

Low vibration and low noise

**Oil less**

No mounting limitations

# Founded on unique set of capabilities & IP difficult to acquire



65y exp. with  
air compression  
turbomachine



Unique ultra  
high-speed  
electric motor



High switching  
freq. power  
electronics



Unique high-  
speed sensor-  
less controls

And more:

High speed  
and oil-less  
bearings



## Industry status

Patchy portfolio, **higher power consumption**, **heavier & bulkier** design, limited field experience



## Why so difficult to catch up?

- Need **multi-domain optimization** & IP protected critical tech. bricks
- **Portfolio breadth** to support the variety of applications & field experience (Garrett 10y and 3 gen. know-how, widest portfolio)
- Major technology step required to manage challenges with **super-high-speed vibration, cooling, high-speed balancing, high-speed sensor-less controls**, ...
- Need **high speed centrifugal air compression** building blocks for design & manufacturing
- Garrett leveraging **field experience** & established portfolio of Fuel cell Compressor

### Fuel Cell Compressor

Industry 1<sup>st</sup>  
SOP 2016



100-150k  
RPM



### E-Powertrain

Industry 1<sup>st</sup>  
35kRPM



35k RPM



### E-Cooling Compressor

Industry 1<sup>st</sup>  
centrifugal



160k RPM



**Lower speed** (~15k RPM) motor implies **heavier & bulkier** product w/ integration challenges

Low speed (<10k RPM) volumetric compressors **noisy & losing efficiency** in hot or cold conditions



# Garrett

ADVANCING MOTION

[www.garrettmotion.com](http://www.garrettmotion.com)



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