

JULY 25, 2024

Q2 2024 FINANCIAL RESULTS

Garrett
ADVANCING MOTION

Forward Looking Statements

This communication and related comments by management may include “forward-looking statements” within the meaning of the U.S. federal securities laws. Forward-looking statements are any statements other than statements of historical fact. Forward-looking statements represent our current judgment about possible future activities, events, or developments that we intend, expect, project, believe, or anticipate will or may occur in the future. In making these statement, we rely upon assumptions and analysis based on our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any future performance, events, or results, and actual performance, events, or results may differ materially from those envisaged by our forward-looking statements due to a variety of important factors, many of which are described in our most recent Annual Report on Form 10-K and our other filings with the U.S. Securities and Exchange Commission. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made, and we undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events, or other factors that affect the subject of these statement, except where we are expressly required to do so by law.

Non-GAAP Financial Measures

This communication 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, Consolidated EBITDA, Adjusted EBITDA margin, Adjusted free cash flow, and Adjusted free cash flow conversion. We believe these measures are useful to investors and management in understanding our ongoing operations and analysis of ongoing operating trends and are important indicators of operating performance because they exclude the effects of certain non-operating items, therefore making them more closely reflect our operational performance. Our calculation of these non-GAAP measures, including a reconciliation of such measures to the most closely related GAAP measure, are set forth in the Appendix to this presentation. These non-GAAP measures may not be comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of these non-GAAP measures has limitations and should not be considered superior to, in isolation from, or as a substitute for, related GAAP measures. For additional information regarding our non-GAAP financial measures, see our most recent Annual Report on Form 10-K and our other filings with the U.S. Securities and Exchange Commission.

Achieved solid Q2 2024 results

Managing Industry Trends

- **Net Sales of \$890M (12)% vs. \$1,011M Q2 2023, (10)% at constant currency¹**
 - Global macros deteriorating, more volatility expected in both light and commercial vehicle verticals
 - Regional and end-market dynamics (Europe, China)
 - Commodity deflation impact on pricing net of inflation pass-through
- **Adj. EBITDA¹ of \$150M vs. \$170M in Q2 2023, margin of 16.9% up 10 bps vs. Q2 2023**
 - Sequential margin improvement of 40bps from Q1 2024
 - Flexed variable cost structure to preserve margin
 - Driving sustained fixed cost productivity
- **Adj. Free Cash Flow¹ of \$62M vs. \$140M in Q2 2023**
 - Working capital use \$(52)M due to lower volumes
 - Expected to improve through H2

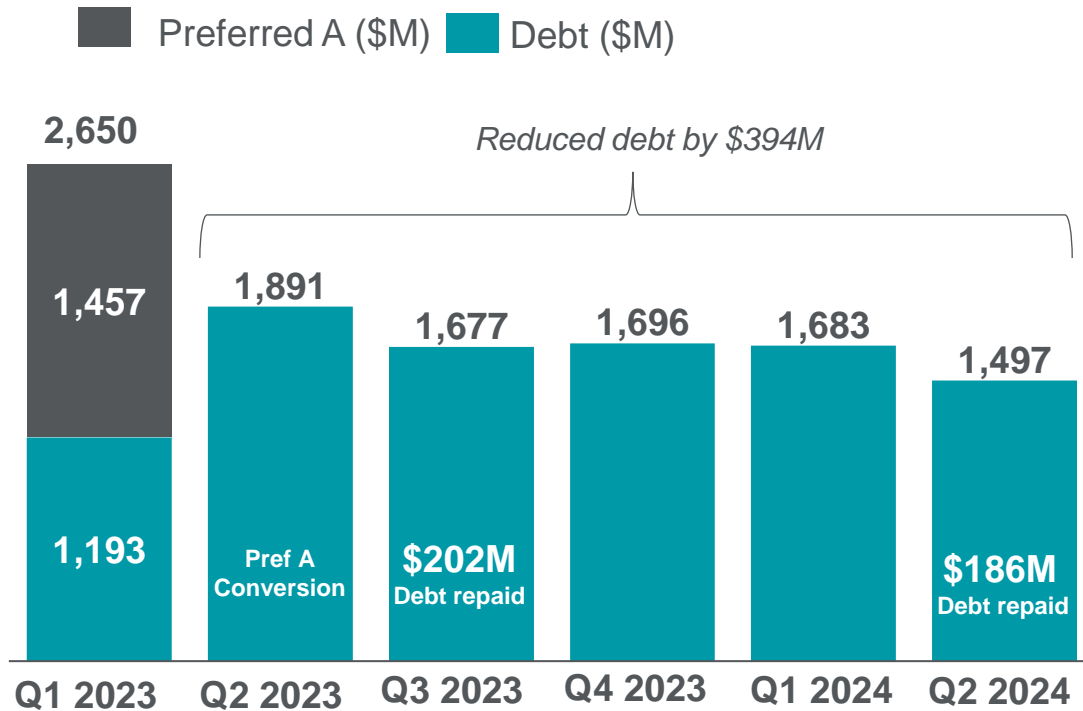
Capital Allocation Priorities

- **Successfully issued 8-yr \$800M Senior Unsecured Notes and repriced 2021 USD Term Loan B**
- **Fully repaid EUR Term Loan B and 2023 USD Term Loan B for a total of \$985M**
- **Generating annual interest savings of ~\$15M**
- **Continued execution of share repurchase plan**
 - \$65M of common stock repurchased in Q2 for a total of \$174M in the first half
 - \$19M of shares repurchased through July 19th

¹ Reconciliations of Non-GAAP financial measures are included in Appendix

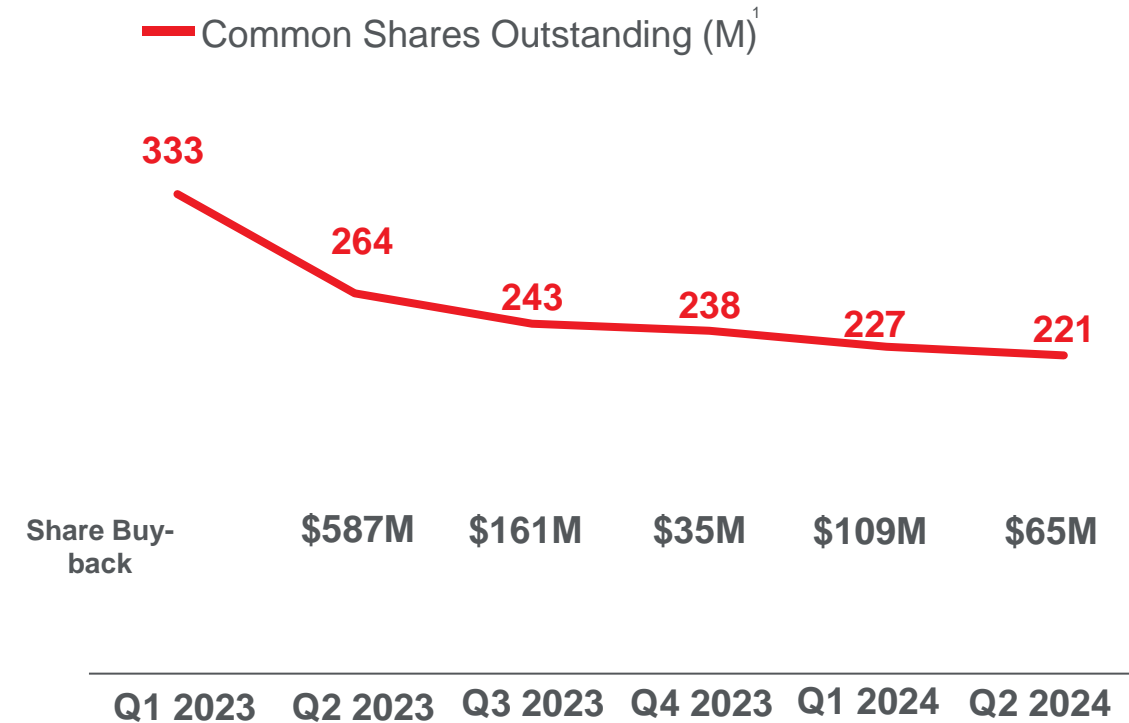
Cash generation translates to attractive capital allocation

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

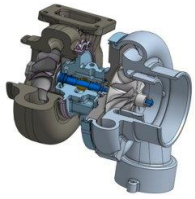
Share Repurchases



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

¹ Proforma includes Pref A Shares

Success across all differentiated technologies



Industrial Turbo



2-Stage Turbo



Diesel Variable Nozzle Turbo



Fuel Cell Compressor



E-Powertrain



E-Cooling Compressor

Turbo and Hybrid Technologies

Sustained business wins across our turbo and hybrid offerings:

- Secured another win for the recently launched new range of products for **large size industrial applications** targeted to power generation and marine
- Won two additional awards for light commercial vehicles with both **diesel two-stage** and **large diesel variable nozzle turbos**

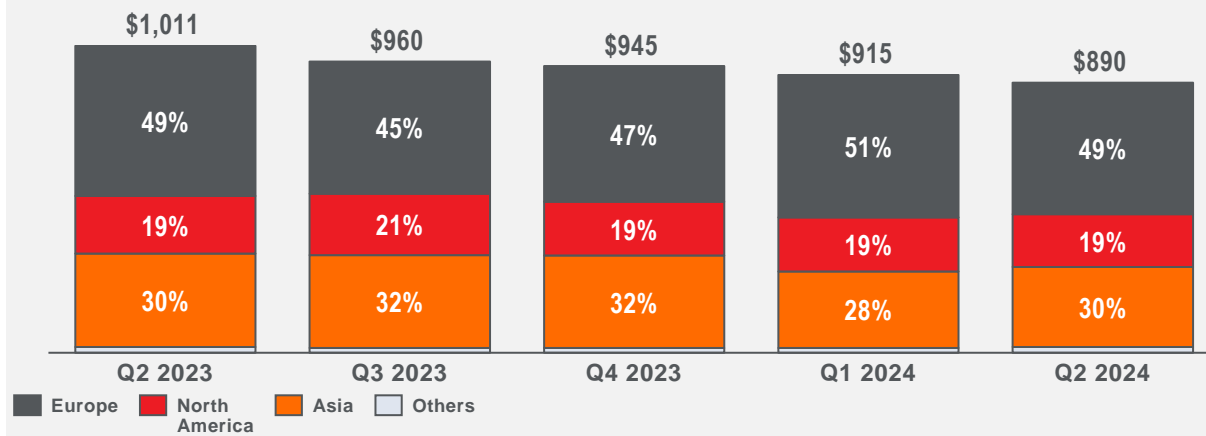
Zero Emission Technologies

Continued to gain customer recognition for our broad portfolio, with awards in commercial vehicle:

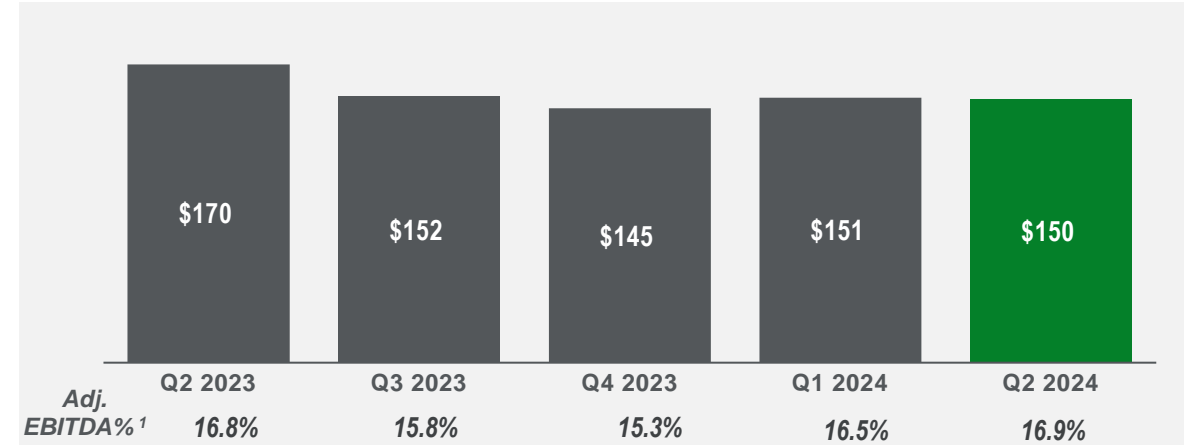
- Awarded **first series production contract** for our largest industry leading **Fuel Cell** compressor for **commercial and industrial** applications
- Adapted our high-speed **E-Powertrain** to **commercial vehicles** winning our first **3 pre-development contracts**
- Won **2 additional pre-development contracts** for commercial vehicles with our revolutionary **E-Cooling centrifugal compressors**

Quarterly financial trends: Q1 2023 – Q2 2024

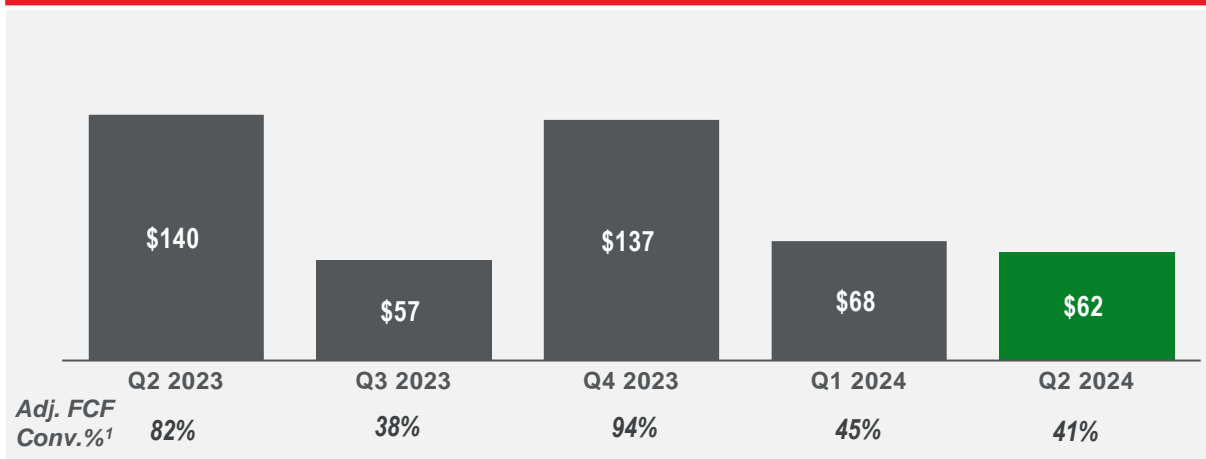
Reported Net Sales (\$M)



Adjusted EBITDA¹ (\$M)



Adjusted FCF¹ (\$M)

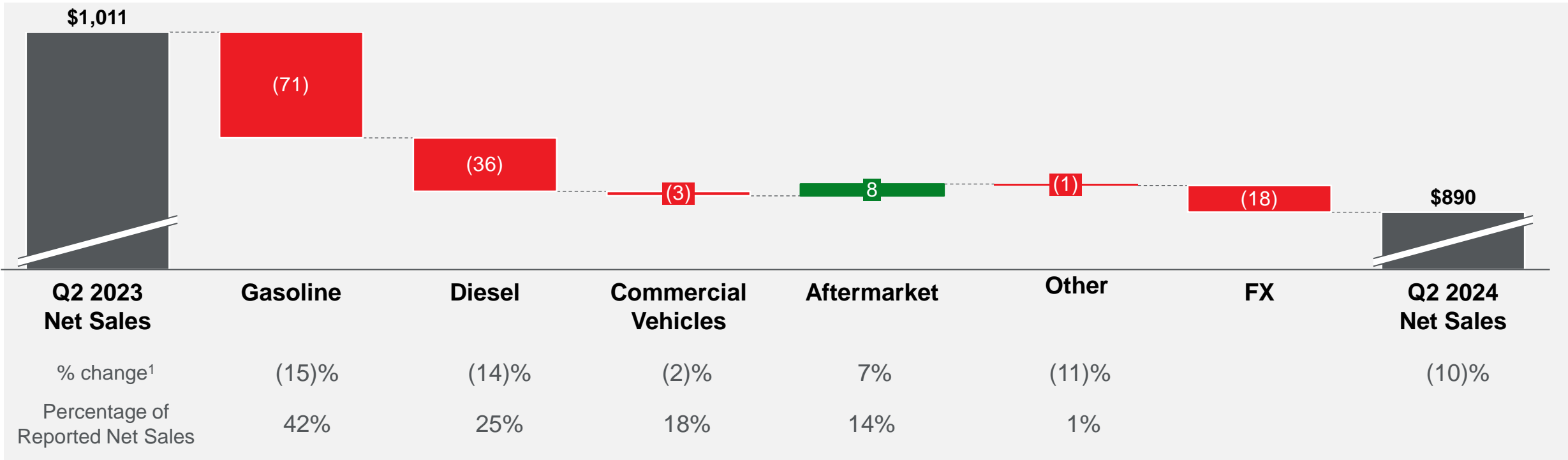


- Diesel and gasoline sales down from industry softness in Europe and lower demand in China/N. America
- Additional impact of lower deflation pass-through from commodity prices decreases
- Minimizing impact of lower sales in Adjusted EBITDA¹ through continued operating performance strength
- Adjusted Free Cash Flow¹ sequentially lower from declining volume trend impact on working capital

¹ Reconciliations of Non-GAAP financial measures are included in Appendix

Net Sales bridge: Q2 2023 – Q2 2024

(\$M)

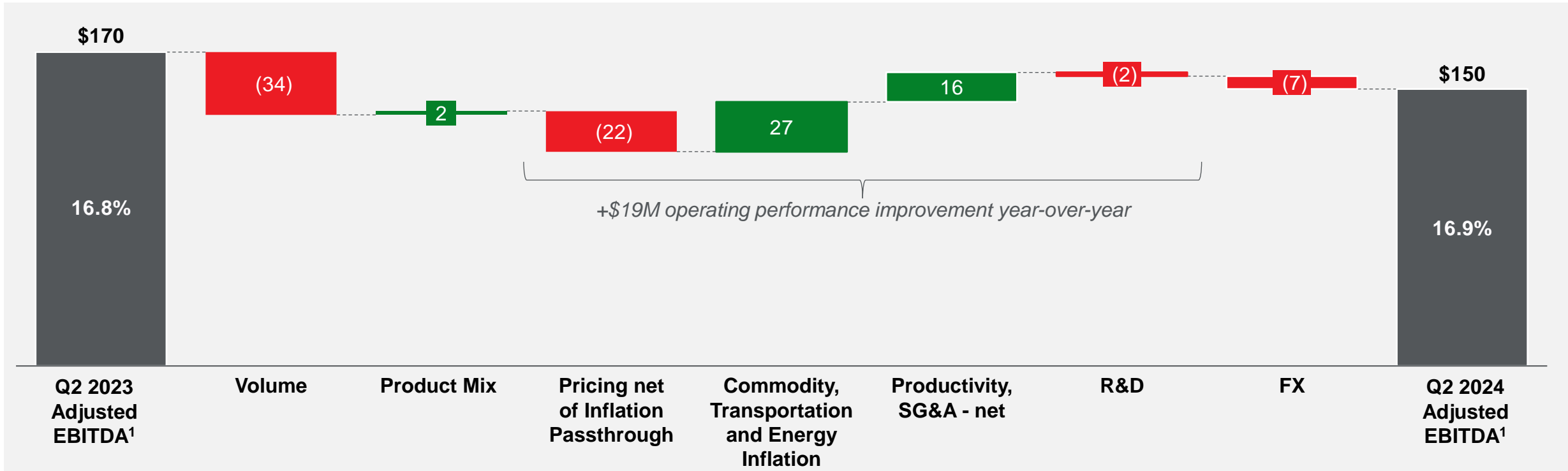


- **Q2 2024 Net Sales of \$890M, down \$121M or (12)% on a reported basis, (10)% at constant currency¹**
 - Continued sales softness primarily in gasoline and diesel applications in China, Europe and North America
 - Aftermarket growth from higher demand for replacement parts globally
 - Unfavorable impact of \$30M (3%) from commodity deflation impact on pricing net of inflation pass-through

¹ Reconciliations of Non-GAAP financial measures are included in Appendix

Adjusted EBITDA¹ bridge: Q2 2023 – Q2 2024

(\$M)

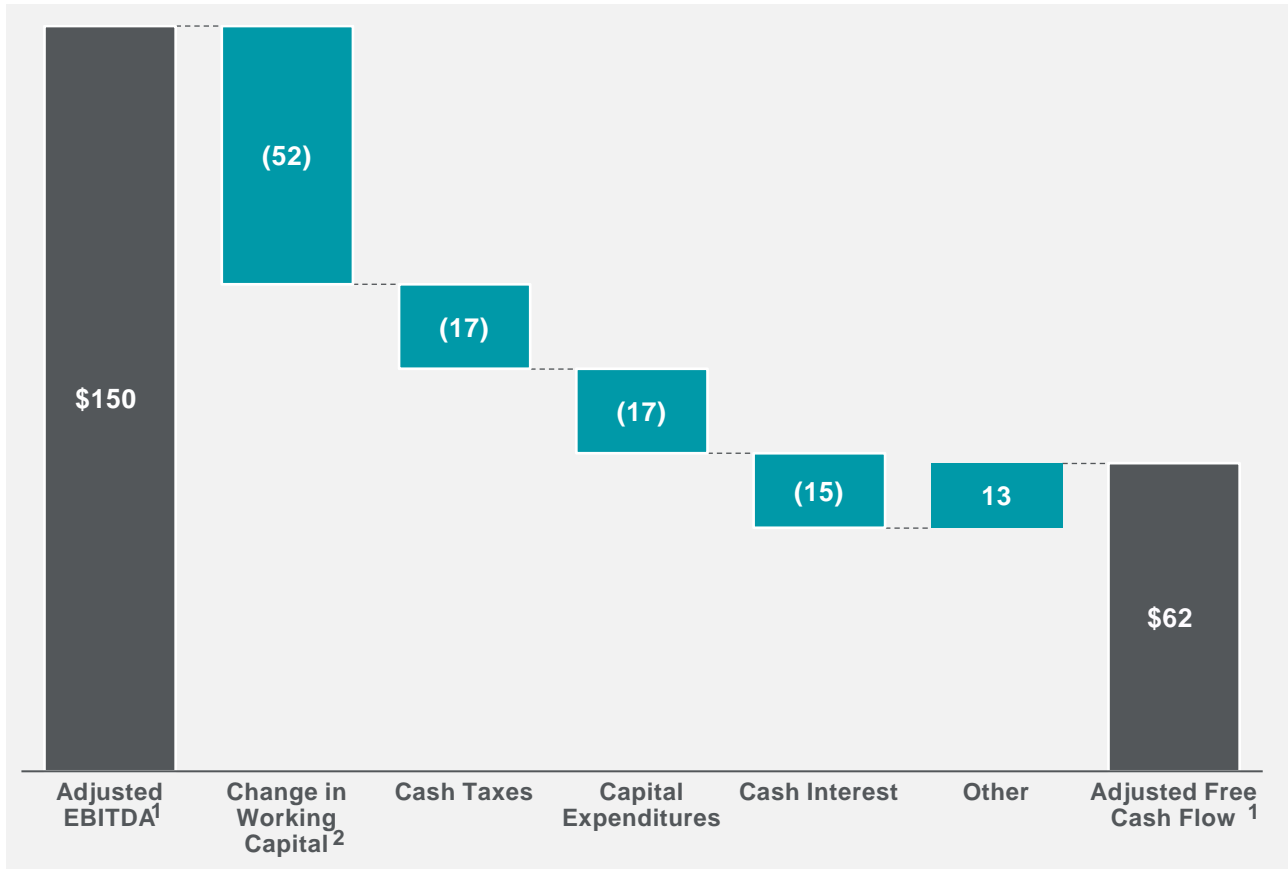


- Q2 2024 Adjusted EBITDA¹ of \$150M, down \$20M | Margin¹ of 16.9% up 10bps
 - Demand softness in gasoline and diesel coupled with Aftermarket strength resulting in slightly favorable product mix
 - Flexing variable cost structure and leveraging fixed cost actions for strong operating performance
 - Driving efficiency of turbo R&D and funding increased investment in zero emission technologies

¹ Reconciliations of Non-GAAP financial measures are included in Appendix

Q2 2024 Adjusted EBITDA¹ to Adjusted Free Cash Flow¹ bridge

(\$M)



- Working capital use driven by declining light and commercial vehicle volume trends
 - Expected to stabilize and improve in H2
- Lower capital expenditures sequentially vs. \$32M in Q1 2024, as expected
- Cash taxes and cash interest in line with expectations
- Other reflects timing differences between expense accruals and cash payments

¹ Reconciliations of Non-GAAP financial measures are included in Appendix

² Change in Working Capital excludes the impact of \$(56)M Factoring and p-notes

\$800M Debt refinancing, \$186M deleveraging and \$65M share repurchase

Liquidity and Net Debt³ (\$M)

	Q1 2024	Q2 2024
Unrestricted Cash ¹	196	98
Undrawn Revolver Credit Facility	570	600
Total Liquidity	766	698
Term Loan B ² (2021-2028)	1,182	695
Term Loan B (2023-2028)	500	0
Senior Unsecured Notes due 2032	0	800
Other	1	2
Total Debt	1,683	1,497
Net Debt³ (Total Debt – Unrestricted Cash)	1,487	1,399

¹ Excluding Restricted Cash of \$1M in Q1 2024 and \$1M in Q2 2024

² €450 million and \$697 million Term Loan B debt in Q1, \$695 million Term Loan B in Q2

³ Reconciliations of Non-GAAP financial measures are included in Appendix

Successful Q2 financing activities

- Issued \$800M Senior Unsecured Notes due 2032 extending debt portfolio duration
- Refinanced Euro and 2023 USD Term Loan B
- Repriced 2021 USD Term Loan B
- Anticipating cash interest savings of ~\$10M annually on Senior Unsecured Notes and \$5M on repriced term loan
- Upsized RCF from \$570M to \$600M

Paid-down \$186M of debt

- Repaid \$100M of 2023 USD TLB and \$86M of EUR TLB using unconsolidated JV divestiture proceeds of \$46M and available cash
- Secured debt rating increased by S&P from BB- to BB+ and Moody's from Ba2 to Ba1
- Net leverage ratio³ of 2.26x

\$174M shares purchased in the first half of 2024

- Repurchased \$65M of common stock in Q2
- \$176M available for H2 under \$350M approved program

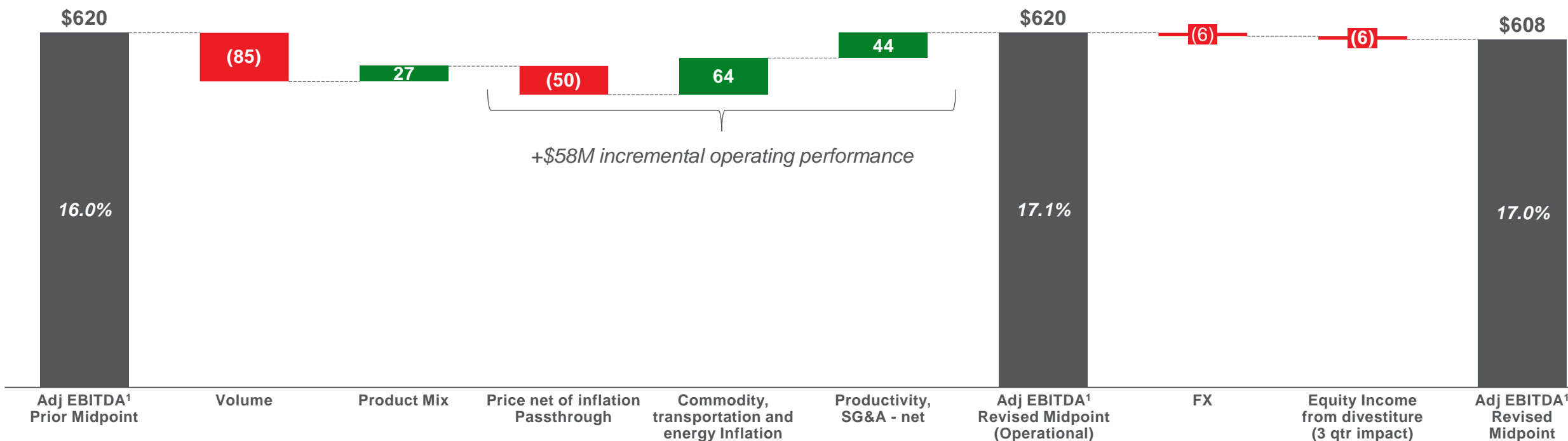
2024 Full year outlook

	Updated Outlook (July 25 th)	Prior Outlook (February 15 th)
Net Sales	\$3.50B to \$3.65B	\$3.80B to \$3.95B
Net Sales Growth at Constant Currency¹	-9% to -5%	-2% to +2%
Net Income	\$245M to \$285M	\$230M to \$275M
Adjusted EBITDA¹	\$583M to \$633M	\$590M to \$650M
Net Cash Provided By Operating Activities	\$355M to \$455M	\$370M to \$470M
Adjusted Free Cash Flow¹	\$300M to \$400M	\$325M to \$425M
Key Planning Assumptions	<ul style="list-style-type: none"> • Light vehicle industry down 2% (flat in prior outlook) LV BEV penetration of 14% (15% in prior outlook) • Commercial vehicle industry flat to down 1% including on- and off-highway (+2% in prior outlook) • Commodity prices revised down for industry deflation trend (2% organic decline impact vs. prior outlook) • Price and operating productivity will continue to be a source of margin improvement (up vs. prior outlook) • RD&E investment of ~4.4% of sales (vs. 4.5% in prior outlook), >60% on electrification technologies • Capital expenditures of ~2.4% of sales (vs. 2.2% in prior outlook), >30% into electrification technologies • Stable €/\$ assumption of 1.08 \$/JPY 154 and \$/CNY 7.23 (9% and 2% devaluation vs. prior outlook) 	

¹ Reconciliations of Non-GAAP financial measures are included in Appendix.

Revised Adjusted EBITDA¹ bridge: 2024 midpoint outlook

(\$M)



- **Revised FY Adjusted EBITDA¹ midpoint to \$608M reflecting latest FX and divestiture impact:**

- Impact of continued light vehicle and off-highway commercial vehicle softness partially offset by favorable product mix
- Deflationary trend across all verticals anticipated through balance of year, contributing to margin improvement
- Incremental variable and fixed cost productivity executed, offsetting volume decline and securing outlook before adjustments

¹ Reconciliations of Non-GAAP financial measures are included in Appendix

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 conversion¹ for the next 5 years while funding R&D and returning cash to shareholders

Focused zero emission² strategy

Focused investments on differentiated technology solutions for our Fuel Cell Compressor, E-Powertrain and E-Cooling Compressor, targeting **\$1B annual zero emission² 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

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

On track for a solid 2024

- Delivered solid Q2 results through outstanding operating performance
- Executing on our capital allocation priorities
- Continuing our turbo success with new awards across all technologies
- Accelerating momentum of our zero emission technologies
- Adj. EBITDA¹ midpoint now reflects latest FX and Q2 divestiture impact

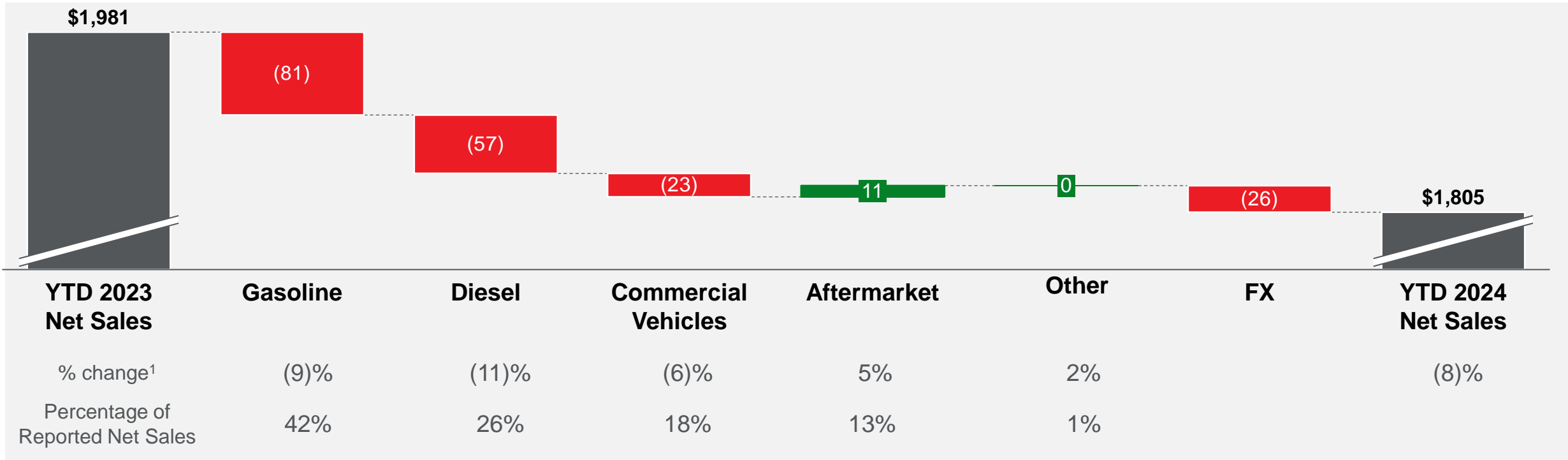
¹ Reconciliations of Non-GAAP financial measures are included in Appendix

APPENDICES



Net Sales bridge: YTD 2023 – YTD 2024

(\$M)



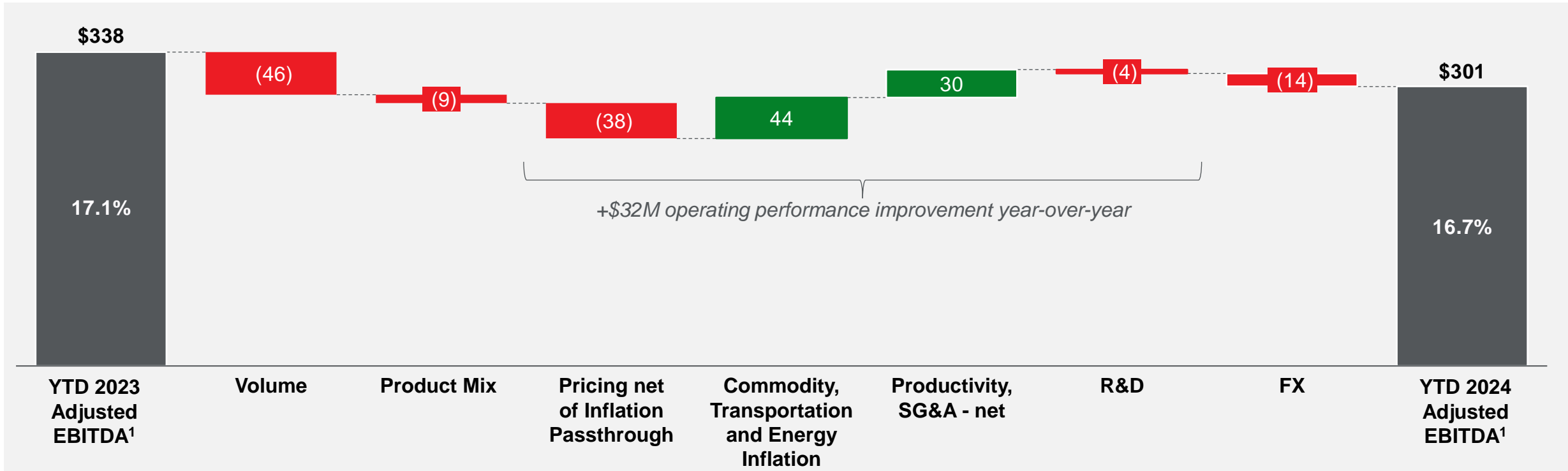
• **Net Sales of \$1,805M, down \$176M or (9)% on a reported basis, (8)% at constant currency¹**

- Continued demand softness in gasoline, diesel and commercial vehicles primarily in Europe
- Higher demand for replacement parts driving Aftermarket growth mainly in North America, China and Brazil
- Lower inflation pass-through from commodity deflation pass-through across all verticals

¹ Reconciliations of Non-GAAP financial measures are included in Appendix

Adjusted EBITDA¹ bridge: YTD 2023 – YTD 2024

(\$M)



- Adjusted EBITDA¹ of \$301M, down \$37M | Margin¹ of 16.7% down 40bps
 - Volume declines and unfavorable product mix primarily from diesel and commercial vehicles
 - Flexing variable cost structure and leveraging fixed cost actions for strong operating performance
 - R&D increase driven by higher investment in zero emission technologies

¹ Reconciliations of Non-GAAP financial measures are included in Appendix

Income Statement

<i>(\$ in millions)</i>	Q2 2024	Q2 2023	6M 2024	6M 2023
Net sales	\$890	\$1,011	\$1,805	\$1,981
Cost of goods sold	705	809	1448	1590
Gross profit	185	202	357	391
Selling, general and administrative expenses	61	63	125	119
Other expense, net	3	1	4	2
Interest expense	62	29	93	56
Gain on sale of equity investment	(27)	0	(27)	0
Non-operating income	(1)	8	(6)	5
Income before taxes	\$87	\$101	\$168	\$209
Tax expense	23	30	38	57
Net income	\$64	\$71	\$130	\$152
Less: preferred stock dividend	\$0	(\$40)	\$0	(\$80)
Less: preferred stock deemed dividend	\$0	(\$232)	\$0	(\$232)
Net income available for distribution	\$64	(\$201)	\$130	(\$160)

Balance Sheet Summary

(\$ in millions)

Assets	June 30, 2024	December 31, 2023
Cash and cash equivalents	\$98	\$259
Restricted cash	1	1
Other	1,093	1,146
Total current assets	1,192	1,406
Property, plant and equipment-net	438	477
Deferred income taxes	199	216
Other	400	428
Total assets	\$2,229	\$2,527
Liabilities		
Total current liabilities	1,274	1,374
Long-term debt	1,465	1,643
Other	215	245
Total liabilities	\$2,954	\$3,262
Equity (deficit)		
Common stock, par value	0	0
Additional paid-in capital	1,203	1,190
Retained deficit	(1,792)	(1,922)
Treasury Stock	(182)	0
Accumulated other comprehensive income (loss)	46	(3)
Total deficit	(725)	(735)
Total liabilities and deficit	\$2,229	\$2,527

Summary of Cash Flows

<i>(\$ in millions)</i>	Q2 2024	Q2 2023	6M 2024	6M 2023
Net income	\$64	\$71	\$130	\$152
Net cash provided by operating activities	126	164	210	256
Net cash provided by (used for) investing activities	46	(16)	18	(24)
Net cash (used for) provided by financing activities	(272)	42	(384)	(2)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	2	(3)	(5)	1
Net (decrease) increase in cash, cash equivalents and restricted cash	(98)	187	(161)	231
Cash, cash equivalents and restricted cash at beginning of the period	197	292	260	248
Cash, cash equivalents and restricted cash at the end of the period	\$99	\$479	\$99	\$479

Reconciliation of Constant Currency Sales % Change

Garrett	Q2 2024	Q2 2023	6M 2024	6M 2023
Reported sales % change	(12%)	18%	(9%)	13%
Less: Foreign currency translation	(2%)	(1%)	(1%)	(3%)
Constant Currency sales % change	(10%)	19%	(8%)	16%
Gasoline				
Reported sales % change	(17%)	32%	(11%)	21%
Less: Foreign currency translation	(2%)	(2%)	(2%)	(4%)
Constant Currency sales % change	(15%)	34%	(9%)	25%
Diesel				
Reported sales % change	(15%)	10%	(12%)	6%
Less: Foreign currency translation	(1%)	1%	(1%)	(3%)
Constant Currency sales % change	(14%)	9%	(11%)	9%
Commercial vehicles				
Reported sales % change	(4%)	9%	(8%)	10%
Less: Foreign currency translation	(2%)	(1%)	(2%)	(3%)
Constant Currency sales % change	(2%)	10%	(6%)	13%
Aftermarket				
Reported sales % change	6%	6%	4%	5%
Less: Foreign currency translation	(1%)	0%	(1%)	(2%)
Constant Currency sales % change	7%	6%	5%	7%
Other Sales				
Reported sales % change	(13%)	0%	0%	(7%)
Less: Foreign currency translation	(2%)	0%	(2%)	(2%)
Constant Currency sales % change	(11%)	0%	2%	(5%)

We define constant currency sales growth as the year-over-year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation. This is the same definition we previously used for "organic sales growth". 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 Flow from Operations to Adjusted Free Cash Flow and Adjusted Free Cash Flow Conversion

(\$ in millions)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Net cash provided by operating activities	\$92	\$164	\$74	\$135	\$84	\$126
Expenditures for property, plant and equipment	(8)	(25)	(24)	(26)	(32)	(17)
Net cash provided by operating activities less expenditures for property, plant and equipment	\$84	\$139	\$50	\$109	\$52	\$109
Capital structure transformation costs	1	1	5	1	1	0
Acquisition and divestiture expenses	0	0	0	0	0	1
Cash payments for repositioning	2	2	5	2	9	4
Cash proceeds from cross currency swap	0	0	0	19	4	4
Factoring and P-notes	1	(2)	(3)	6	2	(56)
Adjusted free cash flow	\$88	\$140	\$57	\$137	\$68	\$62
Net income	\$81	\$71	\$57	\$52	\$66	64
Adjusted EBITDA	\$168	\$170	\$152	\$145	\$151	150
Operating cash flow conversion %	114%	231%	130%	260%	127%	197%
Adjusted free cash flow conversion %	52%	82%	38%	94%	45%	41%

Reconciliation of Net Income to Adjusted EBITDA and Consolidated EBITDA¹

(\$ in millions)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	LTM Q1 2024	LTM Q2 2024
Net income	\$81	\$71	\$57	\$52	\$66	\$64	\$246	\$239
Interest expense, net of interest income	27	24	47	54	29	61	154	\$191
Tax expense	27	30	13	16	15	23	74	\$67
Depreciation	21	22	23	24	22	22	91	\$91
EBITDA	\$156	\$147	\$140	\$146	\$132	\$170	\$565	\$588
Stock compensation expense	3	5	4	2	8	5	19	19
Repositioning costs	7	1	6	(1)	11	1	17	17
Foreign exchange loss on debt, net of related hedging loss	0	0	0	(1)	0	(1)	(1)	(2)
Discounting costs on factoring	1	1	1	1	1	1	4	4
Gain on sale of equity investment	0	0	0	0	0	(27)	0	(27)
Other non-operating income	(1)	(2)	(1)	(2)	(1)	(2)	(6)	(6)
Acquisition and divestiture expenses	0	0	0	0	0	1	0	1
Capital structure transformation costs	2	18	2	0	0	0	20	2
Debt refinancing and redemption costs	0	0	0	0	0	2	0	2
Adjusted EBITDA	\$168	\$170	\$152	\$145	\$151	\$150	\$618	598
Unrealized foreign exchange loss (gain)	7	(4)	(3)	6	(11)	2	(12)	(6)
Interest income	1	1	2	1	1	2	5	6
Other expenses ²	11	6	3	0	20	(1)	29	22
Consolidated EBITDA¹	\$187	\$173	\$154	\$152	\$161	\$153	\$640	\$620
Net sales	\$970	\$1,011	\$960	\$945	\$915	\$890	\$3,831	\$3,710
Net income margin	8.4%	7.0%	5.9%	5.5%	7.2%	7.2%	6.4%	6.4%
Adjusted EBITDA margin	17.3%	16.8%	15.8%	15.3%	16.5%	16.9%	16.1%	16.1%

¹ As defined in our credit agreement

² Relates to qualifying expenses such as costs of public company registration, listing and compliance, facility start-up and transition costs and other non-recurring expenses as defined under our credit agreement.

Reconciliation of Long-Term Debt to Net Debt and Related Ratios

<i>(\$ in millions)</i>	Q2 2024	Q1 2024
Long-term term debt	\$1,465	\$1,633
Short-term term debt	\$7	\$7
Deferred finance costs	\$25	\$43
Gross Debt	\$1,497	\$1,683
Cash and cash equivalents	\$98	\$196
Net Debt	\$1,399	\$1,487
Consolidated EBITDA LTM	\$620	\$640
Gross Debt to Consolidated EBITDA LTM	2.41x	2.63x
Net Leverage Ratio¹	2.26x	2.32x

¹ Net leverage ratio defined as Net Debt divided by Consolidated EBITDA

Full Year 2024 Outlook Reconciliation of Net Sales Growth to Net Sales Growth at Constant Currency



	2024 Full Year Low End	2024 Full Year High End
Net sales (% change)	(10%)	(6%)
Foreign currency translation	(1%)	(1%)
Full Year 2024 outlook Net Sales Growth at Constant Currency	(9%)	(5%)

Full Year 2024 Outlook Reconciliation of Net Income to Adjusted EBITDA

<i>(\$ in millions)</i>	2024 Full Year Low End	2024 Full Year High End
Net income	\$245	\$285
Interest expense, net of interest income *	148	148
Tax expense	\$82	\$92
Depreciation	91	91
Full year 2024 outlook EBITDA	\$566	\$616
Other non-operating income	(27)	(27)
Discounting costs on factoring	2	2
Stock compensation expense	21	21
Acquisition and divestiture expenses	1	1
Debt refinancing and redemption costs	2	2
Repositioning costs	18	18
Full Year 2024 Outlook Adjusted EBITDA	\$583	\$633

* Excludes the effects of marked-to-market fluctuations from our interest rate swap contracts

Full Year 2024 Outlook Reconciliation of Cash Flow from Operations to Adjusted Free Cash Flow

<i>(\$ in millions)</i>	2024 Full Year Low End	2024 Full Year High End
Net cash provided by operating activities	\$355	\$455
Expenditures for property, plant and equipment	(87)	(87)
Net cash provided by operating activities less expenditures for property, plant and equipment	\$268	\$368
Cash payments for repositioning	15	15
Cash proceeds from cross currency swap	15	15
Acquisition and divestiture expenses	1	1
Capital structure transformation costs	1	1
Full year 2024 outlook Adjusted Free Cash Flow	\$300	\$400



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