

MARCH 2020

GARRETT MOTION (NYSE: GTX) INVESTOR PRESENTATION

Garrett
ADVANCING MOTION

Forward Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements including without limitation our statements regarding our anticipated financial performance, expectations regarding global automotive demand, anticipated growth of our gasoline business, trends in foreign exchange rates, the impact of the novel coronavirus on our financial results, estimated payments to Honeywell, and projections regarding our technology solutions. Although we believe forward-looking statements are based upon reasonable assumptions, such statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results or performance of the company to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to those described in our annual report on Form 10-K for the year ended December 31, 2019, as well as our other filings with the Securities and Exchange Commission, under the headings “Risk Factors” and “Cautionary Statement Concerning 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 EBITDA, Adjusted EBITDA, Net to Consolidated EBITDA ratio, Consolidated Debt to Consolidated EBITDA ratio, Adjusted Free Cash Flow, Consolidated EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted Earnings Per Share (“EPS”), Cash flow from operations minus capital expenditures, Free Cash Flow, Adjusted Free Cash Flow Conversion, constant currency 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 and Consolidated EBITDA are important indicators of operating performance because they exclude the effects of income taxes and certain other items, as well as the effects of financing and investing activities by eliminating the effects of interest and depreciation expenses and therefore more closely measures our operational performance. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. For additional information with respect to our Consolidated and Combined Financial Statements, see our annual report on Form 10-K for the year ended December 31, 2019.

Note

2018 amounts have been revised to reflect an immaterial restatement of 2018 income tax expense. Please see Note 1 to our Form 10-K for the year ended December 31, 2019 for further information.

Additional Disclaimers

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

Remediation of Material Weakness in Internal Control Over Financial Reporting

As previously disclosed, in the course of preparing our 2018 Form 10-K and our Consolidated and Combined Financial Statements for the year ended December 31, 2018, our management determined that there was a material weakness in our internal control over financial reporting relating to the lack of information, documentation and supporting evidence for our liability to Honeywell under the Indemnification and Reimbursement Agreement (the "Indemnification Liability"). Specifically, despite our requests, we did not receive sufficient information, documents and explanations from Honeywell, including with regard to information provided in Honeywell's actuary report, and the amounts of settlement values and insurance receivables.

Throughout the year ended December 31, 2019, management engaged in an active dialogue with Honeywell that resulted in the Company obtaining access to additional information and documentation from Honeywell, including information regarding historical settlement trends, Honeywell's claims management and valuation processes for asserted claims and associated legal expenses, and the nature of insurance receivables and likelihood of recoverability. Additionally, as part of the additional information and documentation we received from Honeywell, we gained increased visibility into the methodology behind, and data sources and inputs included in, Honeywell's actuary report, and engaged our own expert to review and evaluate the report. During the quarter ended December 31, 2019, management completed its remediation activities and tested the design and operational effectiveness of the modified and new controls. As a result of the remediation activities and controls in place as of December 31, 2019, management concluded that we have remediated the material weakness described above. We do not expect the remediation of our material weakness to impact our ongoing litigation with Honeywell commenced on December 2, 2019.

Garrett at a Glance

Garrett Motion is a cutting-edge technology provider enabling vehicles to become safer, more connected, efficient and environmentally friendly

<p>\$3,248 million 2019 Net Sales</p>	<p>8,500+ Employees worldwide</p>	<p>13 State-of-the-art manufacturing plants</p>
<p>\$583 million 2019 Adjusted EBITDA¹</p>	<p>1,200+ Engineers</p>	<p>5 R&D centers</p>
<p>17.9% 2019 Adjusted EBITDA Margin</p>	<p>1,400+ Patents issued or pending</p>	<p>14 Close-to-customer engineering facilities</p>
<p>100 million+ Garrett turbos in use globally</p>	<p>60+ OEMs served globally</p>	<p>~100 New applications annually</p>



Turbo Technology



Electric & Hybrid



Connected Vehicles

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

Garrett Core Differentiators

Technology leadership and broad portfolio of products with breakthrough capabilities



Differentiated Technology



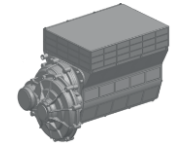
Turbochargers



Electric boosting



Automotive software



Pipeline of electric products

Best-in-class global manufacturing footprint with operational excellence and agility



Differentiated Global Presence and Capability

13 Standardized manufacturing plants

Garrett Excellence Model



Low cost global operating system

400 Suppliers
Advanced supply base

Long-term co-development with global OEMs and a worldwide aftermarket platform



Differentiated Customer Experience



Long-term Customer Relationships

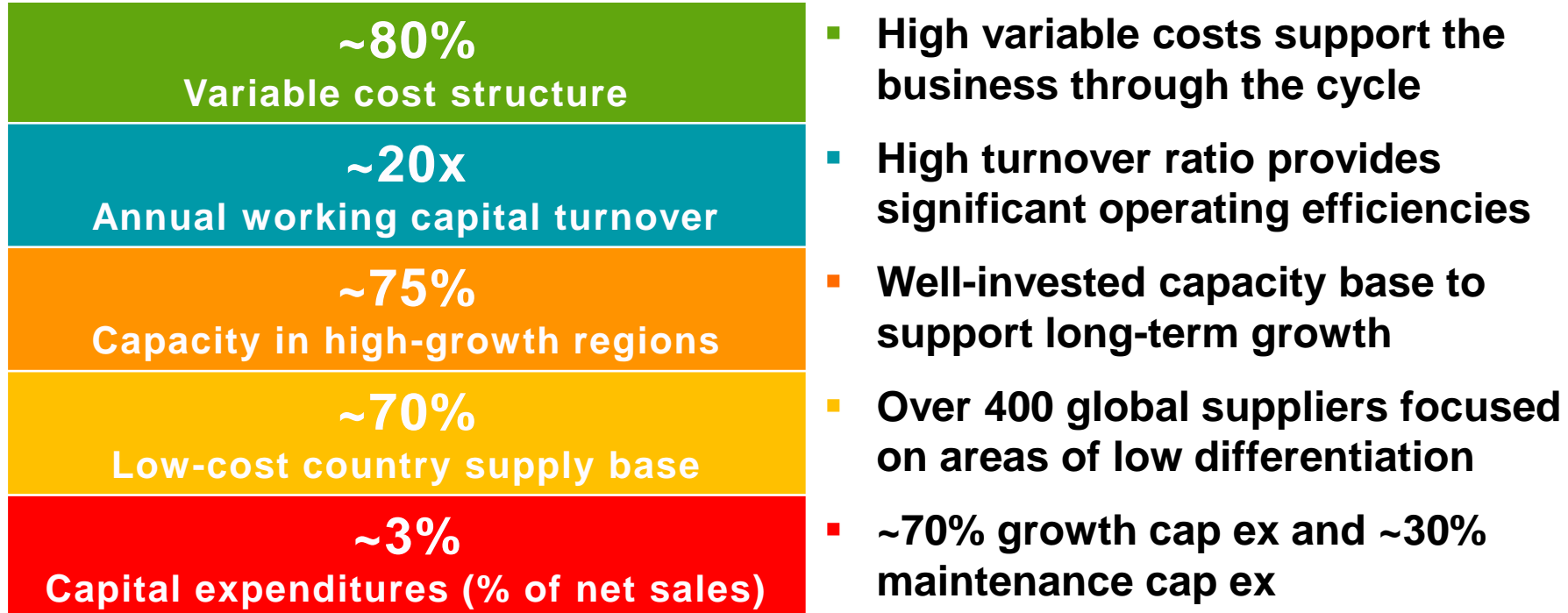
350 OE programs in the pipeline



Go-to-partner for technology developments

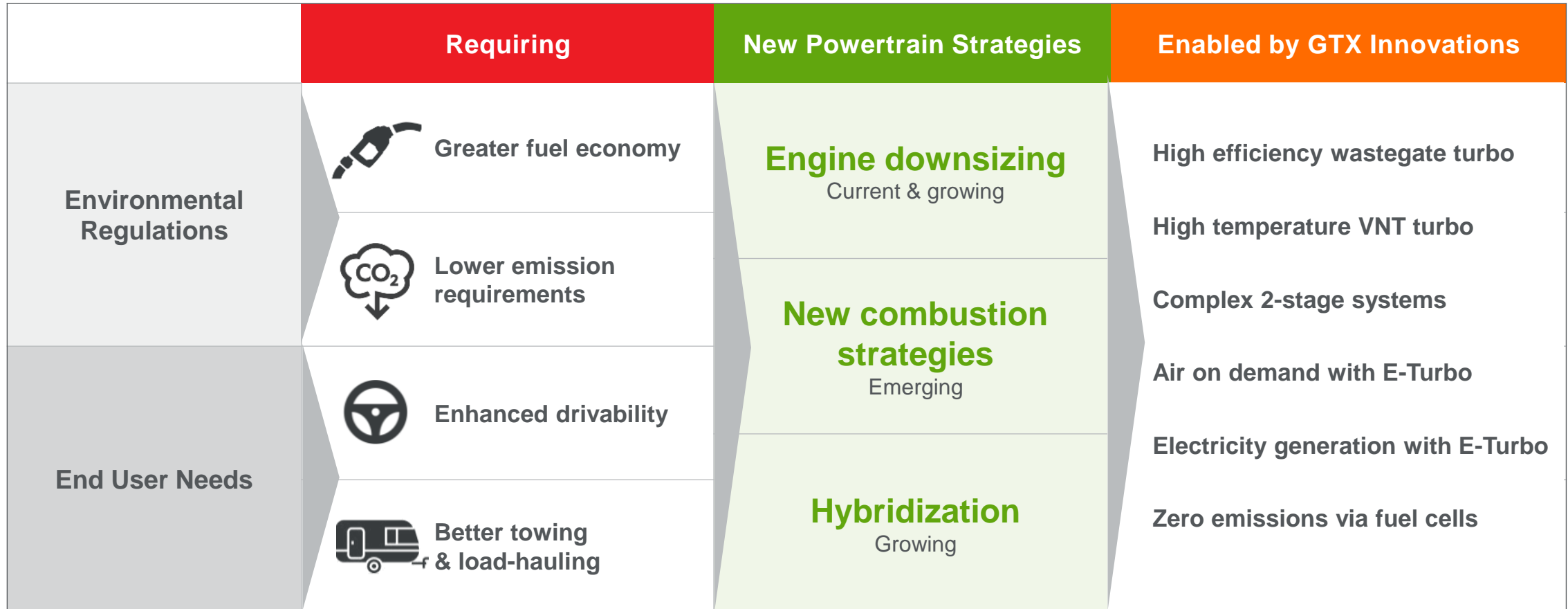
Core differentiators add significant value, creating key competitive advantage

Flexible and Resilient Business Model



GTX has unique ability to adapt quickly to short-term market fluctuations

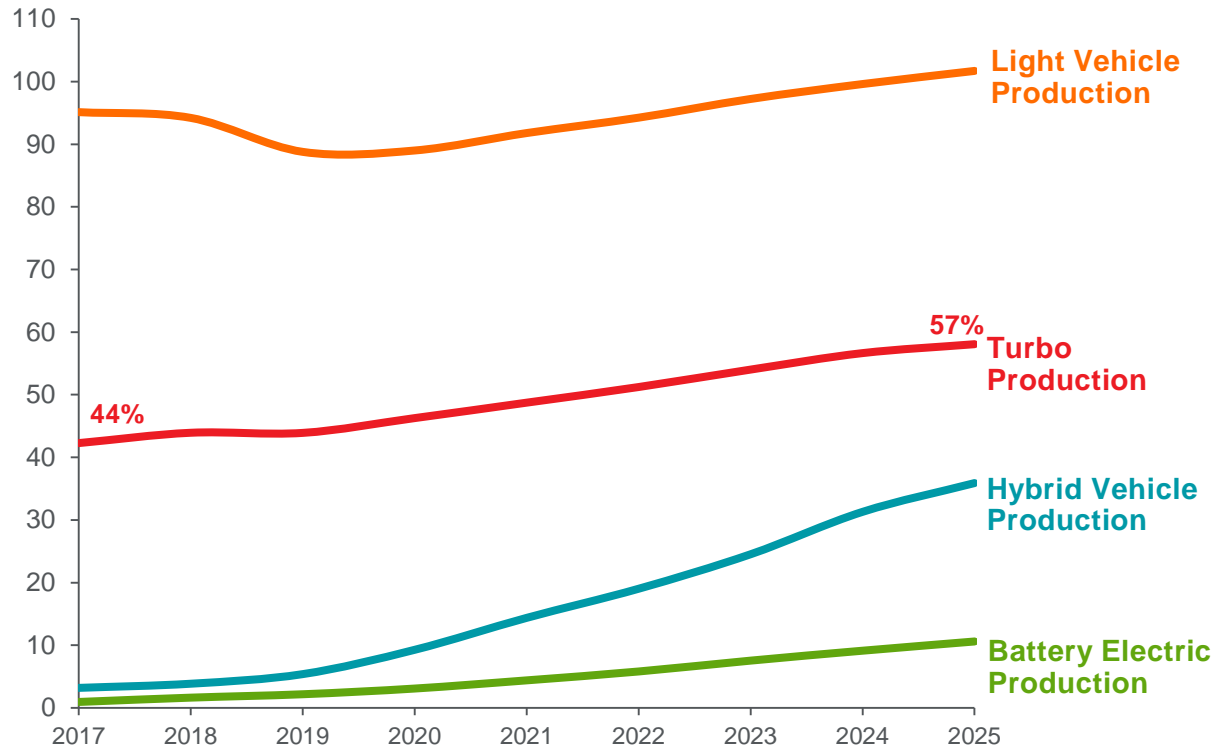
Modern Powertrain Trends



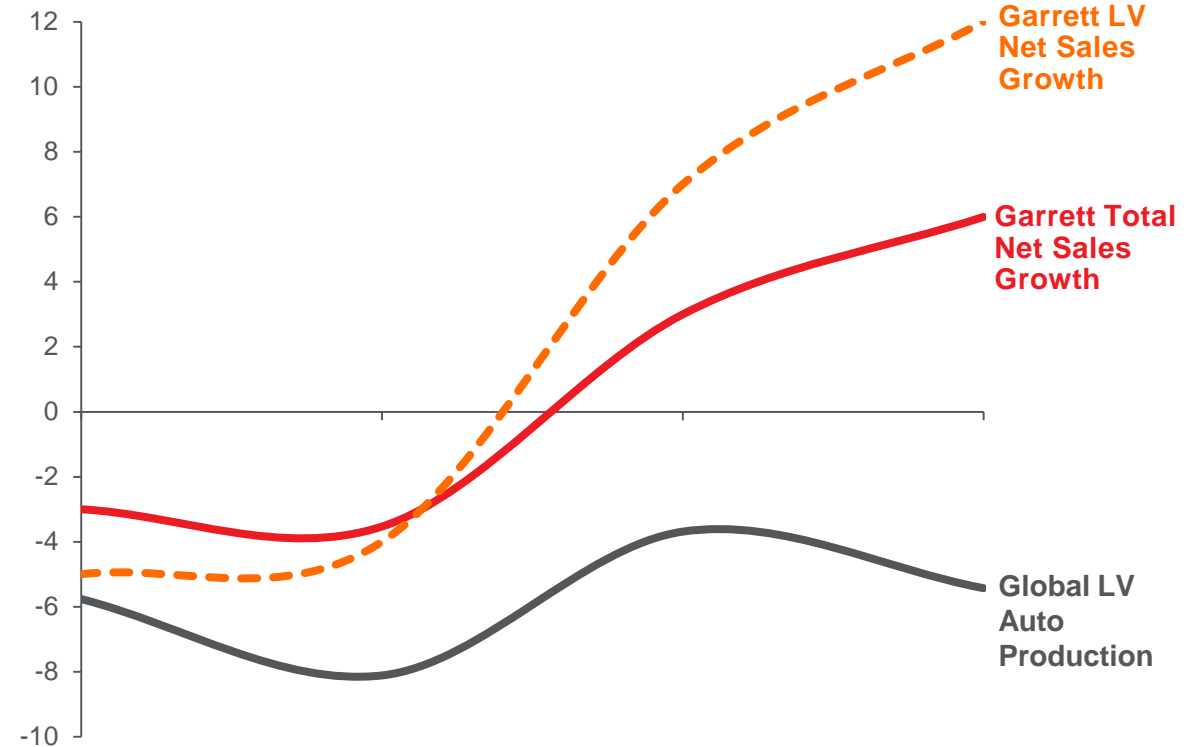
Technology innovation enables advanced powertrain strategies

Turbocharger Growth & Garrett Outperformance

Annual Auto Production (units in millions)



2019 GTX Industry Outperformance (YoY % growth)



+5M New vehicles
+14M Turbocharged vehicles
+31M Hybrid vehicles
+9M Battery electric vehicles

- Q4 '19 total net sales growth¹ exceeded industry by ~12 points
- FY 2019 total net sales growth¹ exceeded industry by ~6 points

Note: Market data from IHS; Garrett net sales growth at constant currency. Reconciliations of Non-GAAP financial measures are included in Appendix.

Garrett's industry outperformance consistent with turbo outgrowth

Execution of Technology Growth Strategy

CORE TURBO

Continuous differentiated innovation

- Global macros remain strong, leading to higher overall turbo penetration gains
- Strong customer win rate for gasoline VNT programs
- New product launches for 2020 remain on schedule

ELECTRIFICATION & SOFTWARE

Next-generation of technology leadership




- Expanding pre-development programs for E-Boosting solutions with 7 OEM's
- Accelerating development for Fuel Cell compressor
- Executing cybersecurity business award and pilot production for IVHM

PIPELINE

Advanced technologies to address new unmet needs

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

Core Turbo Technologies

	Technology Trend	Industry Driver	GTX Technology
Light Vehicle Gasoline	Industry transition to VNT 	CO2 fleet average targets	<ul style="list-style-type: none"> • 1st Gas VNT industry launch 2016 • ~60% EU (~40% global) Gas VNT by 2025 • + 30% to 50% \$/vehicle
Light Vehicle Diesel	Next-Generation VNT & 2-Stage 	More complex solutions to meet EU7 emissions regulation in 2025	<ul style="list-style-type: none"> • Gen7 VNT & Gen4 2Stage +2pts Fuel Eco • Provides CO2 / NOx emissions reduction
Commercial Vehicle	Next-Generation Wastegate & Double-Axle VNT 	China 6 regulation On-Highway CO2 regulation	<ul style="list-style-type: none"> • Gen3 industry-leading performance • Unique portfolio covering all applications

GTX technologies enable OEMS to meet increasingly stringent regulations

Garrett's Leadership Role in a Transforming Auto Industry

	Industry Challenge	GTX Offerings
Electrified	<ul style="list-style-type: none"> Hybrid powertrain CO₂ optimization Fuel Cell powertrain affordability Efficient & light weight electric powertrain 	<ul style="list-style-type: none"> Gas VNT & Electric Boosting In production SOP 2021 Fuel cell Compressor Gen2 & 3 Gen 2 SOP 2021 High power density motors, BMS*,... POC
Connected & Autonomous	<ul style="list-style-type: none"> Cybersecurity Compliance with safety regulation Warranty cost for more complex systems Service efficiency & downtime avoidance Expected regulation starting in EU 	<ul style="list-style-type: none"> Intrusion Detection Software SOP 2021 Advanced controls for EMS** In production Diagnostics for OEM service bay In pilot production Prognosis tool for OEM POC @ OEMs Prognostics tool for fleet POC @ fleet
Shared		

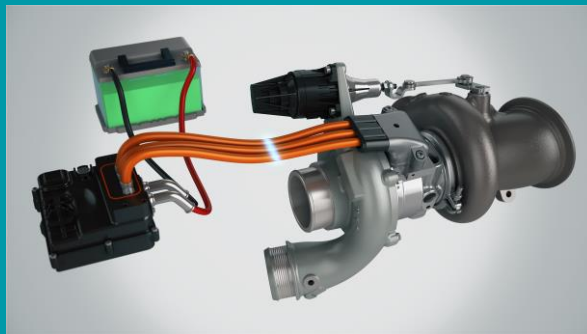
* BMS: Battery Management System
 ** EMS: Engine Management System

E-Turbo Highlights Garrett's Unique Capabilities

Key Attributes

- **250kRPM Ultra high speed motor – 20x faster** than Electric Vehicle (EV) traction motor
- **Proprietary software enables rapid current switching (~30K times per second)**
- **Boost & energy management controls – runs in OEM's Engine Control Unit (ECU)**

Electronic controller



E-Turbo with integrated high speed motor

Garrett Benefits

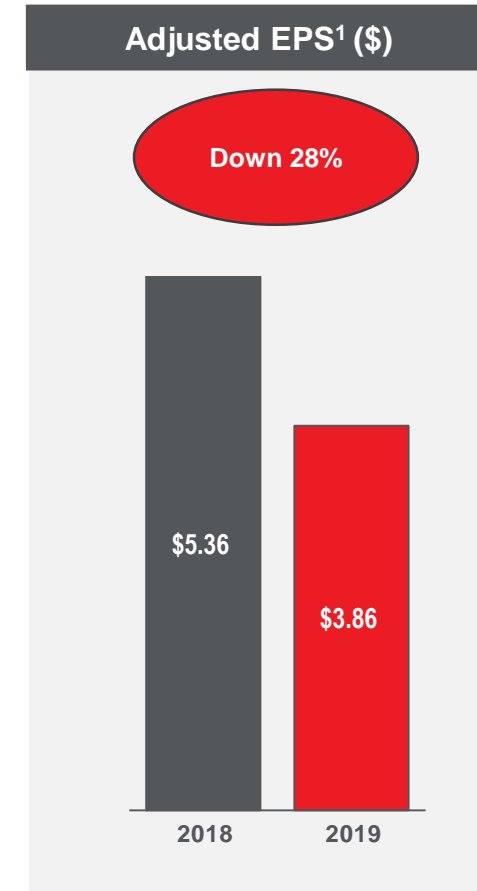
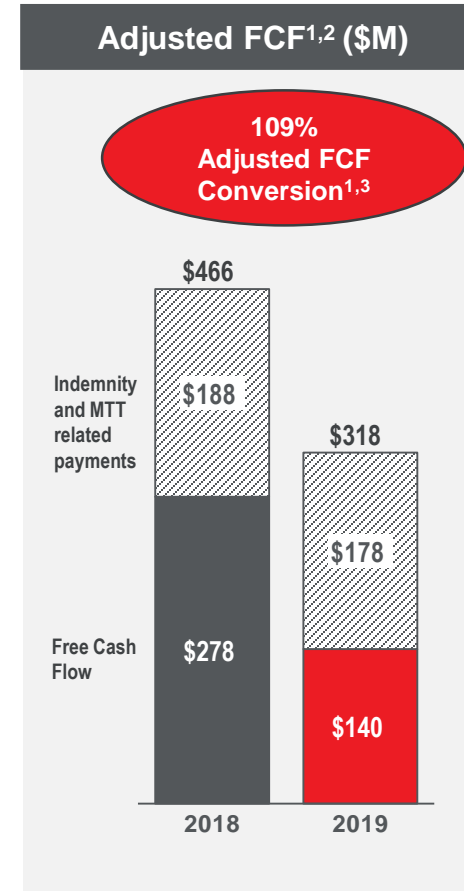
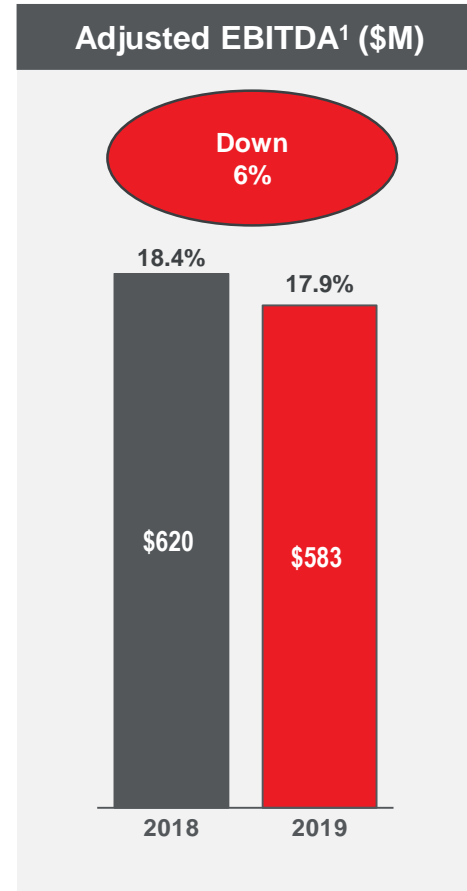
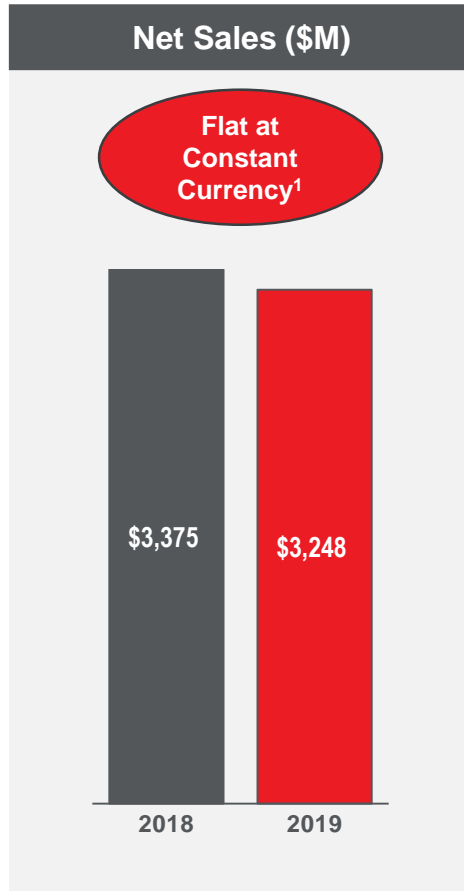
- **Strong turbo hybrid macros driving E-Boosting**
- **First mass market E-Turbo to launch in 2021**
- **10+ predevelopment projects on going**
- **Performance and mass volume offerings**
- **+ 50-100% \$ content / vehicle**



- +15% power
- -5% fuel consumption (including energy recuperation)
- Enabler of advanced combustion strategies

Garrett's E-Turbo is an industry first, spinning motors at more than 250K RPM

Key Financial Metrics



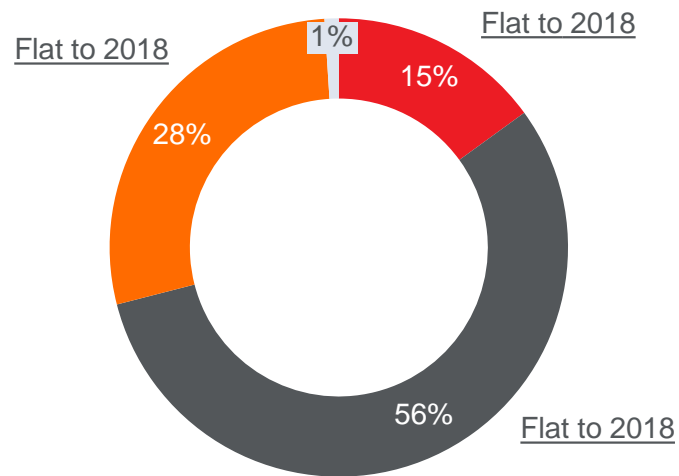
¹ Reconciliations of Non-GAAP financial measures are included in Appendix.

² Adjusted Free Cash Flow excludes Indemnity and MTT related payments.

³ Adjusted Free Cash Flow Conversion calculated as Adjusted Free Cash Flow divided by Adjusted Net Income.

Net Sales by Region and Product Line

2019 Net Sales by Region¹

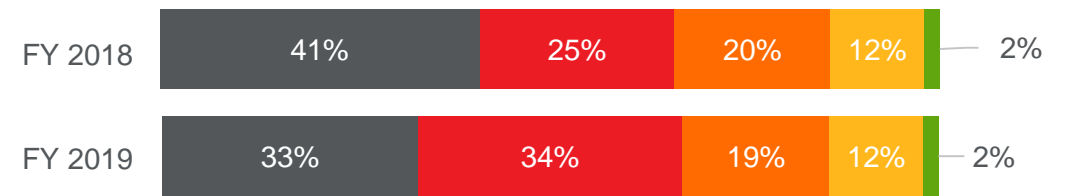


■ North America ■ Europe ■ Asia ■ Other

2019 Net Sales by Product Line

Gas products increased to 39% of net sales in Q4 2019 vs. 31% for Diesel

Commercial Vehicles and Aftermarket products total nearly 1/3 of net sales



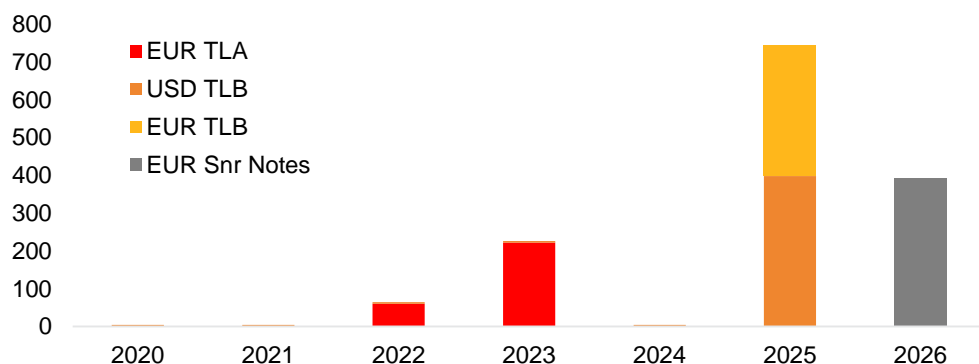
■ Diesel ■ Gas ■ Comm Vehicle ■ Aftermarket ■ Other

¹ Figures by Region based on shipped-from basis.

Gasoline sales exceeded Diesel in 2019, well ahead of rebalancing target

Liquidity and Capital Resources

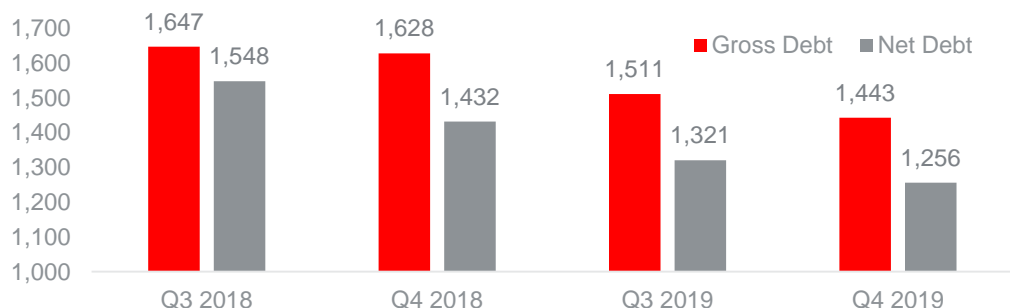
Maturity Profile (\$M)



Available Liquidity (\$M)

	Dec. 31, 2018	Sep. 30, 2019	Dec. 31, 2019
Secured debt	(1,227)	(1,128)	(1,047)
Revolving credit facility	--	--	--
Overdraft on bank accounts (a)	--	--	(3)
Unsecured debt	(401)	(383)	(393)
Total Debt	(1,628)	(1,511)	(1,443)
Cash & cash equivalent (b)	196	190	187
Net debt¹	(1,432)	(1,321)	(1,256)
Undrawn RCF commitments ² (c)	493	468	480
Available liquidity (a+b+c)	689	658	664

Debt Evolution (\$M)



Key Leverage Ratios

	Dec. 31, 2018	Sep. 30, 2019	Dec. 31, 2019
Net Debt to Consolidated EBITDA¹	2.90x	2.93x	2.74x
Consolidated Debt to Consolidated EBITDA¹	3.26x	3.35x	3.14x

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

² USD \$483M (EUR 430M) less \$3M used for bank guarantee issuance at December 31, 2019; USD \$470M (EUR 430M) less \$2M used for bank guarantee issuance at September 30, 2019.

\$101M debt repayment in Q4; Net Debt down \$176M in 2019 and \$292M since spin-off

2020 Priorities

- Continue to significantly outperform global auto production
- Finalize industrialization of E-Turbo and cybersecurity system for 2021 SOP
- Accelerate fuel cell compressor developments: Gen1 production and Gen2 awards
- Leverage flexible and resilient business model
- Maximize free cash flow while preserving long-term health of business
- Maintain focus on reducing total debt and strengthening balance sheet



Turbo Technology



Electric & Hybrid



Connected Vehicles

Appendix



2020 Coronavirus Impact

Business Impacts (as of Feb. 27, 2020)

- **China plant closings**
 - Shanghai factory restarted on February 12th – gradual recovery
 - Wuhan factory currently expected to restart gradually mid-March
- **Global supply chain disruptions**
 - Large global supply base located in China
 - Business adversely affected in Europe and North America
- **Global sales reduced due to components shortage**
 - OEM's adjusting demand due to shortage of parts from other suppliers

Anticipated Financial Impacts for 2020

- **Q1: Estimated impact of ~\$40 million in Adjusted EBITDA**
 - Two-thirds China, one-third rest of world
- **Q2: Estimated impact of ~\$50-70 million in Adjusted EBITDA**
 - High impact from global supply chain disruption
 - Premium freight costs to restore delivery of parts from China to Europe and North America
- **Q3 and Q4: Slight recovery anticipated**
 - Estimated H2 recovery of ~\$10 million in Adjusted EBITDA

Mitigating Actions

- **Take advantage of highly variable cost structure of ~80%**
 - Reducing temporary workforce
- **Implement strict cost control measures across global organization**
 - Discretionary spending
 - Open positions
- **Manage cash without sacrificing long-term health of business**
 - Review capex and working capital targets for the year

2020 Guidance

	Current 2020 Outlook ¹ (includes expected effects of novel coronavirus)	Estimated Impact from Novel Coronavirus
Net Sales	<ul style="list-style-type: none"> (4%) to (1%) at constant currency <i>Outperforming LV auto production by 3-4%</i> 	<ul style="list-style-type: none"> (6%) to (7%) at constant currency
Adjusted EBITDA	<ul style="list-style-type: none"> \$440 million to \$480 million 	<ul style="list-style-type: none"> (\$80) million to (\$100) million
Adjusted Free Cash Flow²	<ul style="list-style-type: none"> \$225 million to \$250 million 	<ul style="list-style-type: none"> (\$45) million to (\$60) million
Free Cash Flow	<ul style="list-style-type: none"> \$85 million to \$110 million 	<ul style="list-style-type: none"> (\$45) million to (\$60) million
Planning Assumptions	<ul style="list-style-type: none"> Significant impact due to coronavirus outbreak Global LV auto production between (5%) and (7%) Global commercial vehicle production between (7%) and (10%) Capital expenditures of ~3% of net sales 	

¹ 2020 guidance as of February 27, 2020 set at current market conditions for FX with an average exchange rate of 1.08 EUR to USD, assumes further rebalancing of the company's light vehicle activities between Diesel and Gasoline, and reflects the current expected effects of the novel coronavirus. The company does not provide a reconciliation of the forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures because certain items that are excluded from the non-GAAP financial measures cannot be reasonably predicted or are not in our control. In particular, we are unable to forecast the timing or magnitude of realized and unrealized gains and losses on derivative instruments, taxes and other non-core operating items that could significantly impact, either individually or in the aggregate, net income in the future without unreasonable efforts.

² Adjusted Free Cash Flow defined excludes Indemnity related payments and MTT payments to Honeywell.

Reconciliation of Net Income to Adjusted EBITDA and Consolidated EBITDA

(\$ in millions)	Q4'2019	Q4'2018	2019	2018
Net income (loss) - GAAP	136	69	313	1,206
Tax expense	(46)	34	33	(810)
Profit before taxes	90	103	346	396
Net interest (income) expense	15	16	61	12
Depreciation	18	19	73	72
EBITDA (Non-GAAP)	123	137	480	480
Other expense, net (which consists primarily consists of indemnification, asbestos and environmental expenses)	(14)	(12)	40	120
Non-operating (income) expense	8	2	8	(2)
Stock compensation expense	4	5	18	21
Repositioning charges	(1)	-	2	2
Spin-Off Costs	18	6	28	6
Foreign exchange (gain) loss on debt, net of related hedging (gain) loss	(1)	1	7	(7)
Adjusted EBITDA (Non-GAAP)	137	139	583	620
Adjusted EBITDA %	16.5%	17.4%	17.9%	18.4%
① FX Hedging (gain) / loss (net)	7	4	4	38
② Honeywell Indemnity Obligation payment	(40)	(41)	(153)	(172)
③ Spin-Off Costs timing adjustment	(3)	-	-	-
④ Additional pro forma standalone costs	-	-	-	(1)
⑤ Add-back of gross interest expense	1	7	7	7
⑥ Other non-recurring, non-cash expense	11	2	11	2
⑦ Add-back of non cash pension costs	6	-	7	-
Consolidated EBITDA (Non-GAAP)¹	119	111	459	494

- ① Removal of unrealized gains & losses related to undesignated FX hedges
- ② Inclusion of Honeywell Indemnity Obligation payment.
- ③ Spin-off costs occurred in prior quarter and accounted for in Q4.
- ④ Incremental costs above Corporate allocations already included in Adjusted EBITDA based on standalone assessment.
- ⑤ Consolidated EBITDA definition permits the add-back of gross interest expense (i.e. excluding interest income), vs. net interest expense in Adjusted EBITDA.
- ⑥ Other adjustments consist of exceptional and non-cash charges. Exceptional charges primarily driven by freight cost due to product launches issues and suppliers in Mexicali. Non cash charges related to US tax credit and pension market-to-market adjustments.
- ⑦ Consolidated EBITDA definition permits the add-back of non cash pension service costs

¹ Prior quarters restated to reflect adjustment on interest income and unrealized FX gains/losses per Credit Agreement. This change did not impact our GAAP financial results.

Reconciliation of Constant Currency Sales % Change

Q4 2019	Q4 2018	Garrett	Full Year 2019	Full Year 2018
4%	(1%)	Reported sales % change	(4%)	9%
(2%)	(3%)	Less: Foreign currency translation	(4%)	3%
6%	2%	Constant currency sales % change	0%	6%
Gasoline				
48%	9%	Reported sales % change	27%	26%
(4%)	(3%)	Less: Foreign currency translation	(6%)	4%
52%	12%	Constant currency sales % change	33%	22%
Diesel				
(18%)	(6%)	Reported sales % change	(21%)	3%
(2%)	(2%)	Less: Foreign currency translation	(4%)	4%
(16%)	(4%)	Constant currency sales % change	(17%)	(1%)
Commercial vehicles				
(4%)	(1%)	Reported sales % change	(6%)	10%
(1%)	(2%)	Less: Foreign currency translation	(3%)	2%
(3%)	1%	Constant currency sales % change	(3%)	8%
Aftermarket				
(12%)	4%	Reported sales % change	(5%)	2%
(2%)	(2%)	Less: Foreign currency translation	(3%)	2%
(10%)	6%	Constant currency sales % change	(2%)	0%
Other Sales				
5%	(9%)	Reported sales % change	(12%)	(2%)
(2%)	(2%)	Less: Foreign currency translation	(3%)	3%
7%	(7%)	Constant currency sales % change	(9%)	(5%)

We previously referred to “constant currency sales growth” as “organic sales growth.” 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 Net Debt, Consolidated Debt and Related Ratios

(\$ in millions)	December 31, 2018	September 30, 2019	December 31, 2019
Secured debt	\$1,227	\$1,128	\$1,047
Revolving cash facility	0	0	0
Unsecured debt	401	383	393
Overdraft on bank accounts	0	0	3
Net debt related to hedge obligations	(19)	0	0
Consolidated debt	1,609	1,511	1,443
Total debt	1,628	1,511	1,443
Related party note	0	0	0
Cash and cash equivalents	(196)	(190)	(187)
Net debt	1,432	1,321	1,256
Consolidated EBITDA (last 12 months)	\$494	\$451	\$459
Net debt to consolidated EBITDA	2.90X	2.93X	2.74X
Consolidated debt to consolidated EBITDA	3.26X	3.35X	3.14X

Reconciliation of Long-Term Debt to Net Debt

<i>(\$ in millions)</i>	December 31, 2018	September 30, 2019	December 31, 2019
Long-term debt	\$1,569	\$1,477	\$1,409
Short-term debt	23	4	4
Deferred finance costs	36	30	27
Overdraft on bank accounts	0	0	3
Total debt	\$1,628	\$1,511	\$1,443
Cash and cash equivalents	(196)	(190)	(187)
Net debt	\$1,432	\$1,321	\$1,256

Reconciliation of Net Income to Adjusted Free Cash Flow and Free Cash Flow

Q4 2019	Q4 2018	(\$ in millions)	Full Year 2019	Full Year 2018
\$136	\$69	Net income - GAAP	\$313	\$1,206
(\$46)	\$34	Tax expense	\$33	(\$810)
\$90	\$103	Profit before taxes	\$346	\$396
\$15	\$16	Net interest (income) expense	\$61	\$12
\$18	\$19	Depreciation	\$73	\$72
\$123	\$137	EBITDA (Non-GAAP)	\$480	\$480
(14)	(12)	Other expense, net (which consists primarily consists of indemnification, asbestos and environmental expenses)	40	120
8	2	Non-operating (income) expense	8	(2)
4	5	Stock compensation expense	18	21
(1)	0	Repositioning charges	2	2
(1)	1	Foreign exchange (gain) loss on debt, net of related hedging (gain) loss	7	(7)
18	6	Spin-off costs	28	6
137	139	Adjusted EBITDA (Non-GAAP)	583	620
103	90	Change in working capital	59	35
(18)	(11)	Taxes	(93)	(76)
(28)	(29)	Capital expenditures	(102)	(95)
(40)	(15)	Other	(75)	(5)
(18)	(8)	Cash interest	(54)	(11)
136	164	Adjusted free cash flow	318	466
(47)	(60)	Indemnity obligation and MTT to HON	(178)	(188)
\$89	\$104	Free cash flow	\$140	\$278

Reconciliation of Net Income to Adjusted Net Income and Adjusted EPS

Q4 2019	Q4 2018	<i>(\$ in millions)</i>	Full Year 2019	Full Year 2018
\$136	\$69	Net income - GAAP	\$313	\$1,206
(\$60)	\$0	Special Tax matters ¹	(\$60)	(\$879)
\$76	\$69	Net income adjusted for special tax matters (Non-GAAP)	\$253	\$327
(\$14)	(\$16)	Add back HON I/O expenses and litigation fees	\$40	\$114
\$0	\$0	Annualized interest expenses (net of tax)	\$0	(\$42)
\$62	\$53	Adjusted net income (Non-GAAP)	\$293	\$399
75,990,908	75,390,813	Weighted average common shares outstanding - Diluted	75,934,373	74,402,148
\$0.82	\$0.70	Adjusted earnings per common share - diluted (Non-GAAP)	\$3.86	\$5.36

¹ Impact of Swiss tax reform in 2019 and US tax reform in 2018.

Reconciliation of Net Income to Adjusted FCF Conversion

Q4 2019	Q4 2018	<i>(\$ in millions)</i>	Full Year 2019	Full Year 2018
\$136	\$69	Net income - GAAP	\$313	\$1,206
(\$60)	\$0	Special Tax matters ¹	(\$60)	(\$879)
\$76	\$69	Net income adjusted for special tax matters (Non-GAAP)	\$253	\$327
(\$14)	(\$16)	Add back HON I/O expenses and litigation fees	\$40	\$114
\$0	\$0	Annualized interest expenses (net of tax)	\$0	(\$42)
\$62	\$53	Adjusted net income (Non-GAAP)	\$293	\$399
136	164	Adjusted Free Cash Flow²	318	466
219%	309%	Adjusted Free Cash Flow Conversion	109%	117%

¹ Impact of Swiss tax reform in 2019 and US tax reform in 2018.

² For Adjusted Free Cash Flow Reconciliation, please refer to Reconciliation of Net Income to Adjusted Free Cash Flow and Free Cash Flow.

Reconciliation of Cash Flow from Operations less Expenditures for PP&E to Adjusted Free Cash Flow

Q4 2019	Q4 2018	<i>(\$ in millions)</i>	Full Year 2019	Full Year 2018
\$117	\$133	Net cash from operating activities	\$242	\$373
(28)	(29)	Expenditures for property plant and equipment	(102)	(95)
89	104	Cash flow from operations less Expenditures for property plant and equipment	140	278
47	60	Indemnity and MTT related payments	178	188
136	164	Adjusted free cash flow	318	466



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