

APRIL 25, 2024

# Q1 2024 FINANCIAL RESULTS

**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, Adjusted free cash flow, and Adjusted free cash flow conversion. 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.

# Delivered solid Q1 2024 in a challenging environment

## Solid Financial Results in Line with Full Year Outlook

- Net Sales \$915M; (6)% vs. Q1 2023 or (5)% at constant currency<sup>1</sup>
- Adjusted EBITDA<sup>1</sup> of \$151M; vs. \$168M in Q1 2023
- Adjusted EBITDA margin<sup>1</sup> of 16.5%, down 80 bps vs. 17.3% in Q1 2023
  - Up 120 bps vs 15.3% in Q4 2023
- Adjusted Free Cash Flow<sup>1</sup> of \$68M vs. \$88M in Q1 2023

## Executing on our Capital Allocation Priorities

- Solid cash generation after increased investment in R&D
- \$100 million of early debt repayment on April 10<sup>th</sup>
- \$109 million of common stock repurchased in Q1
- Divested our interest in an unconsolidated legacy non-core braking business on April 3<sup>rd</sup>

## Managing Industry Trends

- Leveraged flexible cost structure to deliver strong Adjusted EBITDA margin<sup>1</sup>
- Industry supply chain constraints expected to ease in second half
- Reaffirming full year 2024 outlook

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

## Expanding our Turbo Leadership in a Consolidating Industry

- Additional wins and launches of **gasoline variable nozzle technology** on **hybrid applications** in Europe, China and North America
- **New offerings in commercial vehicles**
  - Launched **alternative fuel applications** on growing segment of **Natural Gas heavy duty trucks in China**
- **Expanding in off-highway and industrials**
  - Secured **two new awards for power generation** applications in China, expanding our presence in the industrial space fueled by **data center growth**

## Advancing Our Zero Emission Offerings that Deliver True Value to Our Customers

- **Two new series production awards** for **high-speed Fuel Cell Compressors** from the broadest portfolio of light weight **applications**
- Differentiated high speed **E-Powertrain** traction motor delivering the same power with smaller packaging and weight
  - Delivered and installed at **leading global OEM**
  - Transitioned from test bed to **vehicle testing**
- Revolutionary high power, light weight centrifugal **E-Cooling Compressors** for thermal management, enhancing fast charging capability and high load performance of BEVs
  - First samples delivered and customer testing ongoing

# 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> 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

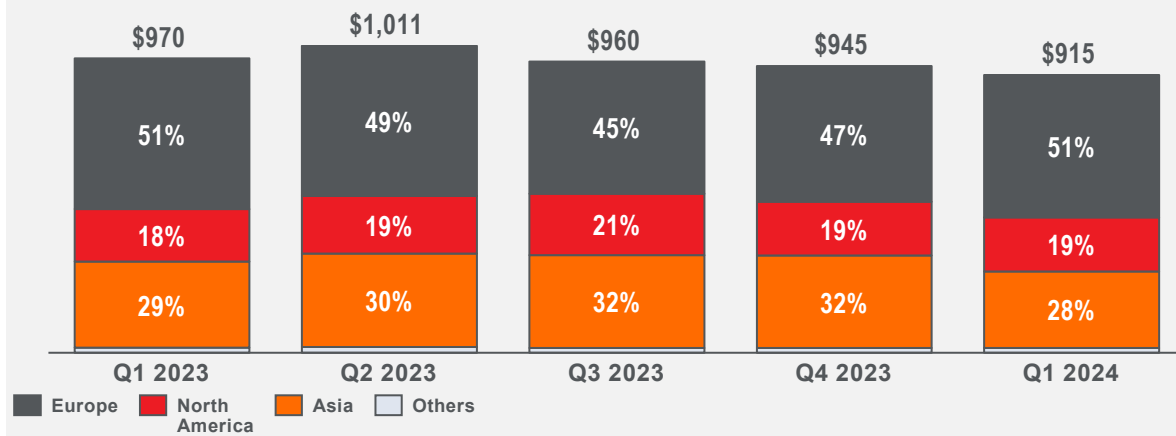
## Talent & Culture

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

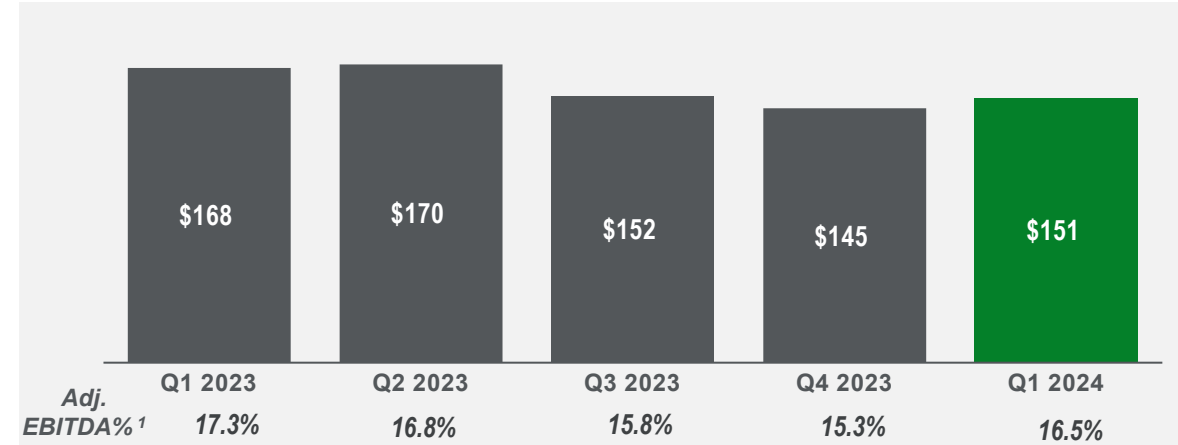
<sup>1</sup> See Appendix for reconciliations of the Non-GAAP measures  
<sup>2</sup> Zero Emission includes Battery Electric and Fuel Cell Vehicles

# Quarterly financial trends: Q1 2023 – Q1 2024

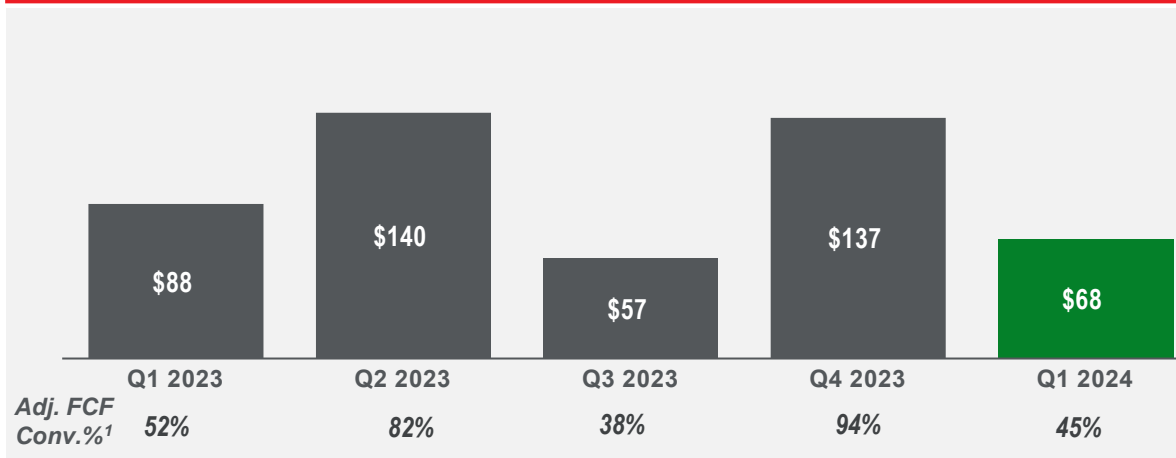
## Reported Net Sales (\$M)



## Adjusted EBITDA<sup>1</sup> (\$M)



## Adjusted FCF<sup>1</sup> (\$M)

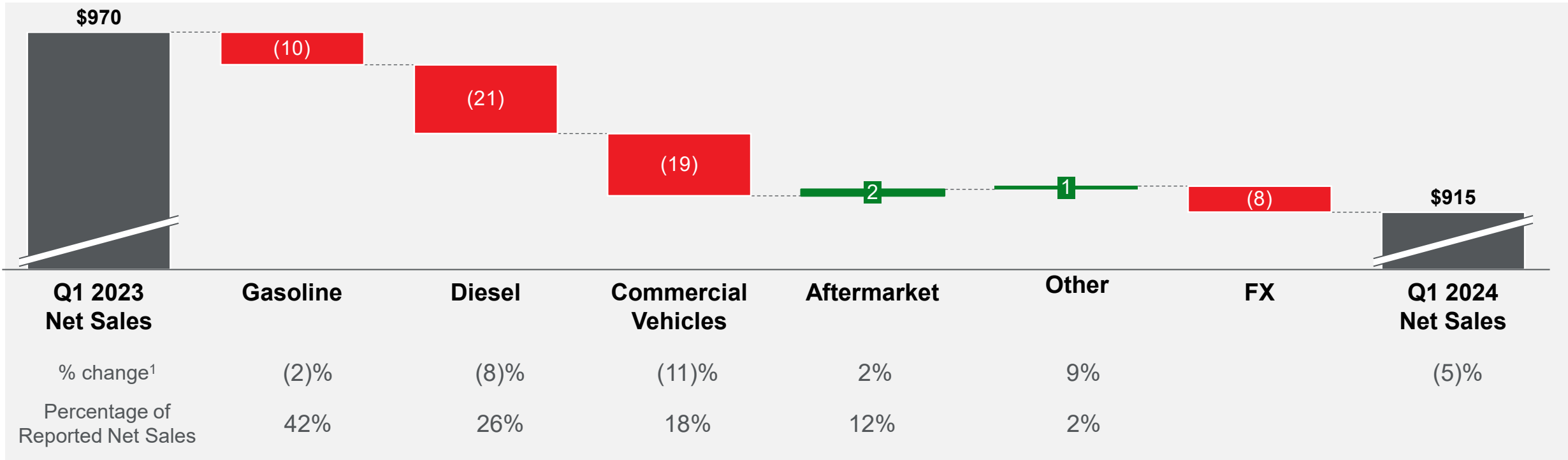


- Q1 financial results in line with full year outlook
- Sales down due to lower inflation pass-through and softer global industry trends
- Adjusted EBITDA<sup>1</sup> performing well relative to industry trends
- Delivered strong Adjusted EBITDA margin<sup>1</sup> driven by continued operating performance
- Generating solid Adjusted Free Cash Flow<sup>1</sup>

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

# Net Sales bridge: Q1 2023 – Q1 2024

(\$M)

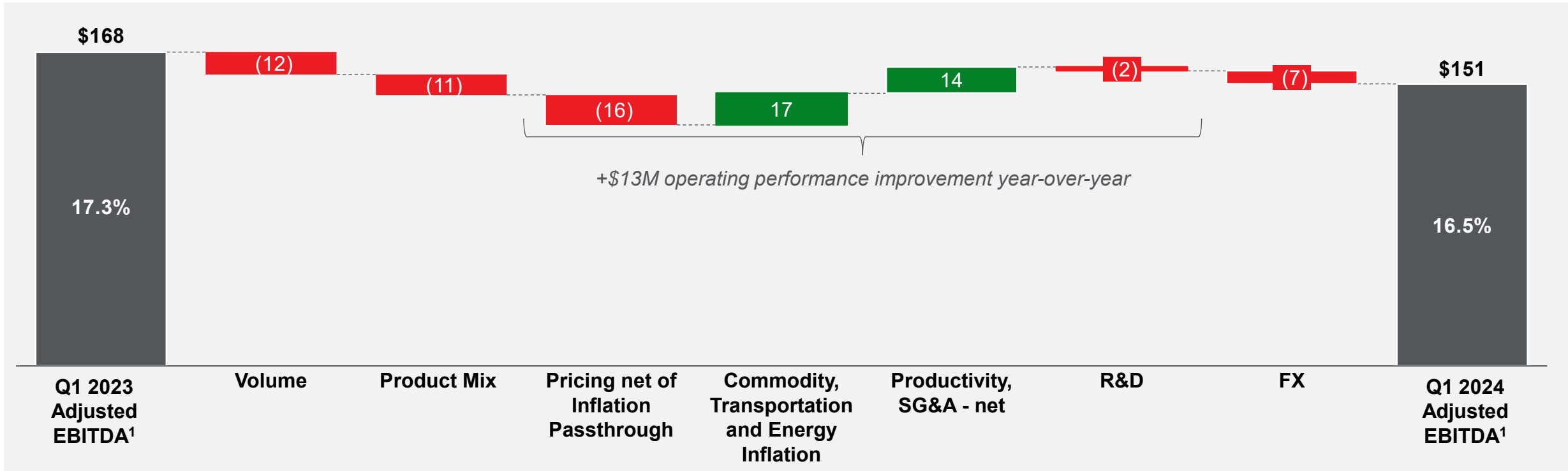


- **Q1 2024 Net Sales of \$915M, down \$55M or (6)% on a reported basis, (5)% at constant currency<sup>1</sup>**
  - Continued industry softness in gasoline, diesel and commercial vehicles primarily in Europe
  - Higher demand for replacement parts driving Aftermarket growth mainly in North America, China and Brazil
  - Lower inflation pass-through across all verticals

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

# Adjusted EBITDA<sup>1</sup> bridge: Q1 2023 – Q1 2024

(\$M)



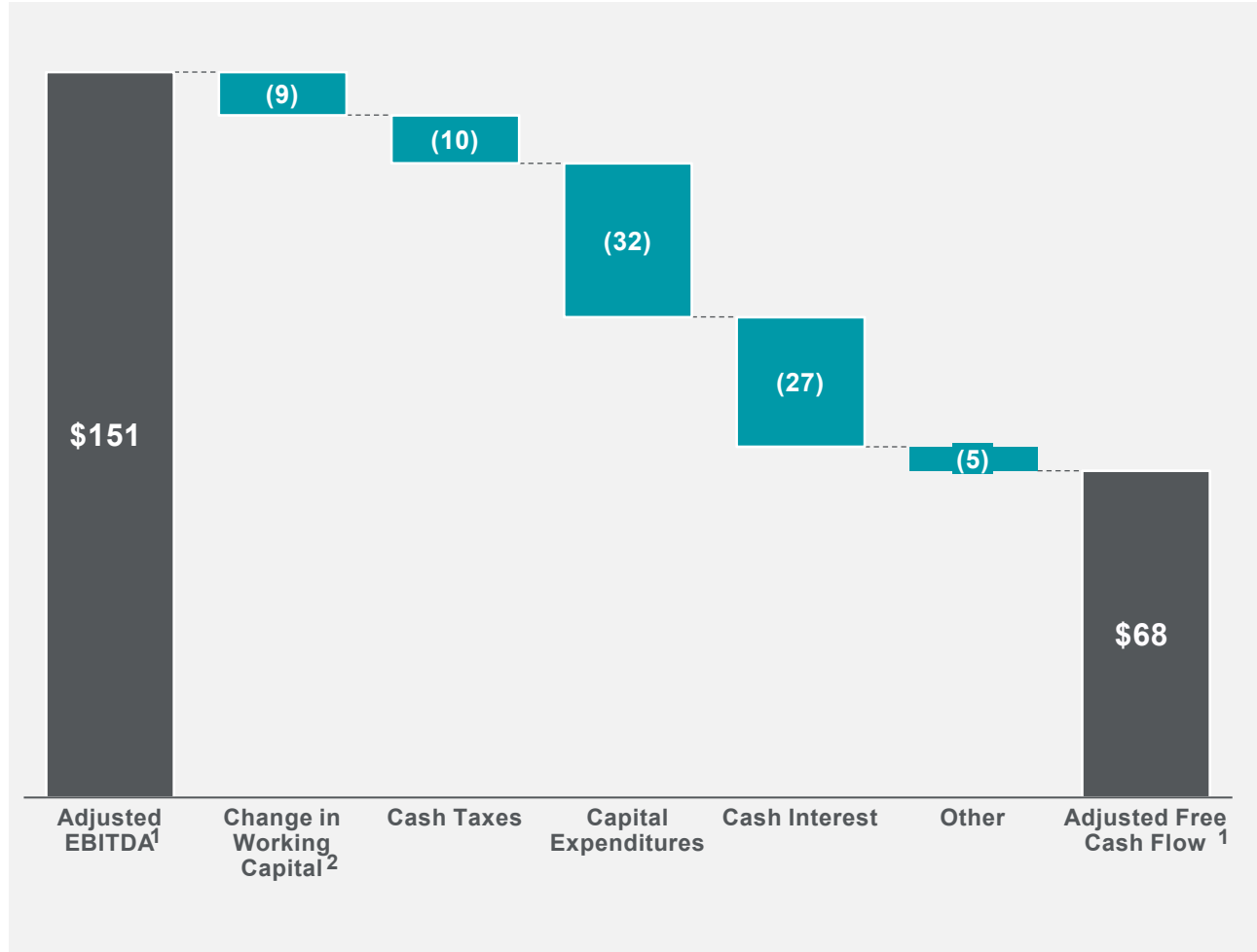
- Q1 2024 Adjusted EBITDA<sup>1</sup> of \$151M, down \$17M | Margin<sup>1</sup> of 16.5% down 80bps
  - Volume declines and unfavorable product mix primarily from diesel and commercial vehicles
  - Delivered strong margin performance by leveraging our flexible cost structure
  - R&D increase driven by higher investment in zero emission technologies

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



# Q1 2024 Adjusted EBITDA<sup>1</sup> to Adjusted Free Cash Flow<sup>1</sup> bridge

(\$M)



- Continued strong cash generation aligned with full year outlook
- Working capital increase driven by inventory seasonality partially offset by strong collections
- Higher capital expenditures driven by timing with full year in line with expectations
- Cash taxes, cash interest and other in line with expectations

<sup>1</sup> Reconciliations of Non-GAAP financial measures are included in Appendix  
<sup>2</sup> Change in Working Capital excludes the impact of \$2M Factoring and p-notes

# Strong liquidity enabling capital allocation priorities

## Liquidity and Net Debt<sup>3</sup> (\$M)

	Q4 2023	Q1 2024
Unrestricted Cash <sup>1</sup>	259	196
Undrawn Revolver Credit Facility	570	570
<b>Total Liquidity</b>	<b>829</b>	<b>766</b>
Term Loan B <sup>2</sup> (2021-2028)	1,196	1,182
Term Loan B (2023-2028)	500	500
Other	-	1
<b>Total Debt</b>	<b>1,696</b>	<b>1,683</b>
<b>Net Debt<sup>3</sup></b> <b>(Total Debt – Unrestricted Cash)</b>	<b>1,437</b>	<b>1,487</b>

### Strong Q1 2024 performance:

- Exiting quarter with \$766M of total liquidity<sup>3</sup>
- Repurchased \$109M<sup>4</sup> of common stock under our \$350M repurchase program
  - 227M shares outstanding at the end of quarter
- Net leverage ratio<sup>3</sup> of 2.32x

### Post Q1 2024 events:

- \$46M received from divestiture of equity interest in an unconsolidated joint venture on April 3<sup>rd</sup>
- \$100M Term Loan B (2023 - 2028) early repayment on April 10<sup>th</sup>
- Evaluating debt markets to consider partial refinancing of debt portfolio to lower borrowing cost and extend maturity

<sup>1</sup> Excluding Restricted Cash of \$1M in Q4 2023 and \$1M in Q1 2024

<sup>2</sup> €450 million and \$697 million Term Loan B debt

<sup>3</sup> Reconciliations of Non-GAAP financial measures are included in Appendix

<sup>4</sup> \$107M of cash paid for common stock repurchase

# Reaffirming 2024 outlook

<b>Net Sales</b>	<b>\$3.80B to \$3.95B</b>
<b>Net Sales Growth at Constant Currency<sup>1</sup></b>	<b>-2% to +2%</b>
<b>Net Income</b>	<b>\$230M to \$275M</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$590M to \$650M</b>
<b>Net Cash Provided By Operating Activities</b>	<b>\$370M to \$470M</b>
<b>Adjusted Free Cash Flow<sup>1</sup></b>	<b>\$325M to \$425M</b>

<b>Highlights</b>
<ul style="list-style-type: none"> <li>• Light vehicle industry flat to down 1%; anticipating a H1 decline and stronger H2 growth outlook</li> <li>• Commercial vehicle industry, including both on- and off-highway, slightly up 2%</li> <li>• Average light vehicle BEV penetration of 15%</li> <li>• Operating performance will continue to be a source of strength, leveraging our flexible cost structure and productivity excellence</li> <li>• R&amp;D investment ~4.5% of sales, ~60% on zero emission tech</li> <li>• Capital expenditures ~2.2% of sales, &gt;30% on zero emission tech</li> <li>• Outlook reflects a stable Euro/USD currency rate of 1.08</li> </ul>

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

# On track for a strong 2024

- Delivered solid Q1 results
- Executing on our capital allocation priorities
- Ongoing awards and launches across turbo in hybrid, natural gas and power generation applications
- Maintaining the momentum with awards and testing of our zero emission technologies
- Reiterating target of \$1B of annual revenue from zero emission technologies by 2030
- Reaffirming 2024 outlook

# APPENDICES



# Income Statement

<i>(\$ in millions)</i>	<b>Q1 2024</b>	<b>Q1 2023</b>
<b>Net sales</b>	<b>\$915</b>	<b>\$970</b>
Cost of goods sold	743	781
<b>Gross profit</b>	<b>172</b>	<b>189</b>
Selling, general and administrative expenses	64	56
Other expense, net	1	1
Interest expense	31	27
Non-operating income	(5)	(3)
<b>Income before taxes</b>	<b>\$81</b>	<b>\$108</b>
Tax expense	15	27
<b>Net income</b>	<b>\$66</b>	<b>\$81</b>
Less: preferred stock dividend	\$0	(\$40)
<b>Net income available for distribution</b>	<b>\$66</b>	<b>\$41</b>

# Balance Sheet Summary

(\$ in millions)

<b>Assets</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents	\$196	\$259
Restricted cash	1	1
Other	1,141	1,146
<b>Total current assets</b>	<b>1,338</b>	<b>1,406</b>
Property, plant and equipment-net	452	477
Deferred income taxes	213	216
Other	445	428
<b>Total assets</b>	<b>\$2,448</b>	<b>\$2,527</b>
<b>Liabilities</b>		
Total current liabilities	1,319	1,374
Long-term debt	1,633	1,643
Other	231	245
<b>Total liabilities</b>	<b>\$3,183</b>	<b>\$3,262</b>
<b>Equity (deficit)</b>		
Common stock, par value	0	0
Additional paid-in capital	1,198	1,190
Retained deficit	(1,856)	(1,922)
Treasury Stock	(115)	0
Accumulated other comprehensive income (loss)	38	(3)
<b>Total deficit</b>	<b>(735)</b>	<b>(735)</b>
<b>Total liabilities and deficit</b>	<b>\$2,448</b>	<b>\$2,527</b>

# Summary of Cash Flows

<i>(\$ in millions)</i>	<b>Q1 2024</b>	<b>Q1 2023</b>
<b>Net income</b>	<b>\$66</b>	<b>\$81</b>
<b>Net cash provided by operating activities</b>	<b>84</b>	<b>92</b>
<b>Net cash used for investing activities</b>	<b>(28)</b>	<b>(8)</b>
<b>Net cash used for financing activities</b>	<b>(112)</b>	<b>(44)</b>
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(7)	4
Net decrease in cash, cash equivalents and restricted cash	(63)	44
<b>Cash, cash equivalents and restricted cash at beginning of the period</b>	<b>260</b>	<b>248</b>
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>\$197</b>	<b>\$292</b>



# Reconciliation of Constant Currency Sales % Change

Garrett	Q1 2024	Q1 2023
<b>Reported sales % change</b>	<b>(6%)</b>	<b>8%</b>
<b>Less: Foreign currency translation</b>	<b>(1%)</b>	<b>(5%)</b>
<b>Constant Currency sales % change</b>	<b>(5%)</b>	<b>13%</b>
<b>Gasoline</b>		
<b>Reported sales % change</b>	<b>(4%)</b>	<b>11%</b>
<b>Less: Foreign currency translation</b>	<b>(2%)</b>	<b>(6%)</b>
<b>Constant Currency sales % change</b>	<b>(2%)</b>	<b>17%</b>
<b>Diesel</b>		
<b>Reported sales % change</b>	<b>(8%)</b>	<b>3%</b>
<b>Less: Foreign currency translation</b>	<b>0%</b>	<b>(5%)</b>
<b>Constant Currency sales % change</b>	<b>(8%)</b>	<b>8%</b>
<b>Commercial vehicles</b>		
<b>Reported sales % change</b>	<b>(12%)</b>	<b>10%</b>
<b>Less: Foreign currency translation</b>	<b>(1%)</b>	<b>(5%)</b>
<b>Constant Currency sales % change</b>	<b>(11%)</b>	<b>15%</b>
<b>Aftermarket</b>		
<b>Reported sales % change</b>	<b>2%</b>	<b>5%</b>
<b>Less: Foreign currency translation</b>	<b>0%</b>	<b>(3%)</b>
<b>Constant Currency sales % change</b>	<b>2%</b>	<b>8%</b>
<b>Other Sales</b>		
<b>Reported sales % change</b>	<b>8%</b>	<b>(8%)</b>
<b>Less: Foreign currency translation</b>	<b>(1%)</b>	<b>(5%)</b>
<b>Constant Currency sales % change</b>	<b>9%</b>	<b>(3%)</b>

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
<b>Net cash provided by operating activities</b>	<b>\$92</b>	<b>\$164</b>	<b>\$74</b>	<b>\$135</b>	<b>\$84</b>
Expenditures for property, plant and equipment	(8)	(25)	(24)	(26)	(32)
<b>Net cash provided by operating activities less expenditures for property, plant and equipment</b>	<b>\$84</b>	<b>\$139</b>	<b>\$50</b>	<b>\$109</b>	<b>\$52</b>
Capital structure transformation costs	1	1	5	1	1
Cash payments for repositioning	2	2	5	2	9
Cash proceeds from cross currency swap	0	0	0	19	4
Factoring and P-notes	1	(2)	(3)	6	2
<b>Adjusted free cash flow</b>	<b>\$88</b>	<b>\$140</b>	<b>\$57</b>	<b>\$137</b>	<b>\$68</b>
Net income	\$81	\$71	\$57	\$52	\$66
Adjusted EBITDA	\$168	\$170	\$152	\$145	\$151
Operating cash flow conversion %	114%	231%	130%	260%	127%
Adjusted free cash flow conversion %	52%	82%	38%	94%	45%

# Reconciliation of Net Income to Adjusted EBITDA and Consolidated EBITDA<sup>1</sup>

(\$ in millions)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	LTM Q4 2023	LTM Q1 2024
<b>Net income</b>	<b>\$81</b>	<b>\$71</b>	<b>\$57</b>	<b>\$52</b>	<b>\$66</b>	<b>\$261</b>	<b>\$246</b>
Interest expense, net of interest income	27	24	47	54	29	152	154
Tax expense	27	30	13	16	15	86	74
Depreciation	21	22	23	24	22	90	91
<b>EBITDA</b>	<b>\$156</b>	<b>\$147</b>	<b>\$140</b>	<b>\$146</b>	<b>\$132</b>	<b>\$589</b>	<b>\$565</b>
Stock compensation expense	3	5	4	2	8	14	19
Repositioning costs	7	1	6	(1)	11	13	17
Foreign exchange loss on debt, net of related hedging loss	0	0	0	(1)	0	(1)	(1)
Discounting costs on factoring	1	1	1	1	1	4	4
Other non-operating income	(1)	(2)	(1)	(2)	(1)	(6)	(6)
Capital structure transformation costs	2	18	2	0	0	22	20
<b>Adjusted EBITDA</b>	<b>\$168</b>	<b>\$170</b>	<b>\$152</b>	<b>\$145</b>	<b>\$151</b>	<b>\$635</b>	<b>\$618</b>
Unrealized foreign exchange loss (gain)	7	(4)	(3)	6	(11)	6	(12)
Interest income	1	1	2	1	1	5	5
Other expenses <sup>2</sup>	11	6	3	0	20	20	29
<b>Consolidated EBITDA<sup>1</sup></b>	<b>\$187</b>	<b>\$173</b>	<b>\$154</b>	<b>\$152</b>	<b>\$161</b>	<b>\$666</b>	<b>\$640</b>
<b>Net sales</b>	<b>\$970</b>	<b>\$1,011</b>	<b>\$960</b>	<b>\$945</b>	<b>\$915</b>	<b>\$3,886</b>	<b>\$3,831</b>
Net income margin	8.4%	7.0%	5.9%	5.5%	7.2%	6.7%	6.4%
Adjusted EBITDA margin	17.3%	16.8%	15.8%	15.3%	16.5%	16.3%	16.1%

<sup>1</sup> As defined in our credit agreement

<sup>2</sup> 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>	<b>Q1 2024</b>	<b>Q4 2023</b>
Long-term term debt	\$1,633	\$1,643
Short-term term debt	\$7	\$7
Deferred finance costs	\$43	\$46
<b>Gross Debt</b>	<b>\$1,683</b>	<b>\$1,696</b>
Cash and cash equivalents	\$196	\$259
<b>Net Debt</b>	<b>\$1,487</b>	<b>\$1,437</b>
Consolidated EBITDA LTM	\$640	\$666
Gross Debt to Consolidated EBITDA LTM	2.63x	2.55x
<b>Net Leverage Ratio<sup>1</sup></b>	<b>2.32x</b>	<b>2.16x</b>

<sup>1</sup> 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)	(2%)	2%
Foreign currency translation	0%	0%
<b>Full Year 2024 outlook Net Sales Growth at Constant Currency</b>	<b>(2%)</b>	<b>2%</b>

# 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
<b>Net income</b>	<b>\$230</b>	<b>\$275</b>
Interest expense, net of interest income *	146	146
Tax expense	78	93
Depreciation	92	92
<b>Full year 2024 outlook EBITDA</b>	<b>\$546</b>	<b>\$606</b>
Stock compensation expense	18	18
Repositioning costs	26	26
<b>Full Year 2024 Outlook Adjusted EBITDA</b>	<b>\$590</b>	<b>\$650</b>

\* 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
<b>Net cash provided by operating activities</b>	<b>\$370</b>	<b>\$470</b>
Expenditures for property, plant and equipment	(87)	(87)
<b>Net cash provided by operating activities less expenditures for property, plant and equipment</b>	<b>\$283</b>	<b>\$383</b>
Cash payments for repositioning	26	26
Cash proceeds from cross currency swap	15	15
Capital structure transformation costs	1	1
<b>Full year 2024 outlook Adjusted Free Cash Flow</b>	<b>\$325</b>	<b>\$425</b>



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