



# PHINIA INVESTOR DAY

June 6th, 2023





# AGENDA

**Introductions**

Mike Heifler

**Overview of PHINIA**

Brady Ericson

**Products & Technology**

Todd Anderson

**Aftermarket**

Neil Fryer

**Financials**

Chris Gropp

**Q&A**

# Today's Presenters

## OVERVIEW OF **PHINIA**



**Brady D. Ericson**  
Chief Executive Officer

## PRODUCTS & TECHNOLOGY



**Todd Anderson**  
Chief Technology Officer

## AFTERMARKET



**Neil Fryer**  
Vice President and General  
Manager, Aftermarket

## FINANCIALS



**Chris Gropp**  
Chief Financial Officer

# Forward-Looking Statements

This presentation may contain forward-looking statements that are based on management's current outlook, expectations, estimates and projections. Words such as "anticipates," "believes," "continues," "could," "designed," "effect," "estimates," "evaluates," "expects," "forecasts," "goal," "guidance," "initiative," "intends," "may," "outlook," "plans," "potential," "predicts," "project," "pursue," "seek," "should," "target," "when," "will," "would," and variations of such words and similar expressions (including amounts labeled with an "E," which indicates the amount is estimated) are intended to identify such forward-looking statements. Further, all statements, other than statements of historical fact, contained in this presentation that we expect or anticipate will or may occur in the future regarding our financial position, business strategy and measures to implement that strategy, including changes to operations, competitive strengths, goals, expansion and growth of our business and operations, plans, references to future success and other such matters, are forward-looking statements. Accounting estimates, such as those described under the heading "Critical Accounting Policies and Estimates" in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" in the Preliminary Information Statement ("Information Statement") filed as Exhibit 99.1 to our Registration Statement on Form 10, are inherently forward-looking. All forward-looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. Forward-looking statements are not guarantees of performance and our actual results may differ materially from those expressed, projected or implied in or by the forward-looking statements.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Forward-looking statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed, projected or implied in or by the forward-looking statements. These risks and uncertainties, among others, include the ability of PHINIA to succeed as a standalone publicly traded company, which is a smaller company relative to BorgWarner; the possibility that the Spin-Off will not be completed within the anticipated time period or at all; the possibility that the Spin-Off will not achieve its intended benefits; the possibility of disruption, including changes to existing business relationships, disputes, litigation, or unanticipated costs in connection with the Spin-Off; the uncertainty regarding the expected financial performance of PHINIA following completion of the transaction; the impacts of any information and consultation processes with works councils and other employee representatives in connection with the Spin-Off; supply disruptions impacting us or our customers, such as the current shortage of semiconductor chips that has impacted OEM customers and their suppliers, including us; commodities availability and pricing; competitive challenges from existing and new competitors including OEM customers; the challenges associated with rapidly-changing technologies, and our ability to innovate in response; uncertainties regarding the extent and duration of impacts of matters associated with COVID-19, including additional production disruptions; the ability to identify targets and consummate acquisitions on acceptable terms; the failure to promptly and effectively integrate acquired businesses; the potential for unknown or inestimable liabilities relating to acquired businesses; our dependence on commercial vehicle, industrial application and light vehicle production, which are highly cyclical and subject to disruptions; our reliance on major OEM customers; fluctuations in interest rates and foreign currency exchange rates; our dependence on information systems; the uncertainty of the global economic environment; the outcome of existing or any future legal proceedings, including litigation with respect to various claims, or governmental investigations, including related litigation; future changes in laws and regulations, including, by way of example, taxes and tariffs, in the countries in which we operate; impacts from any potential future acquisition or disposition transactions; and the other risks noted under "Risk Factors" in the Information Statement. We do not undertake any obligation to update or announce publicly any updates to or revisions to any of the forward-looking statements in this presentation to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements

The statements in this presentation relating to our plans, the spin-off, our long-term forecasts for us and our industry and other potential results from the plans and the spin-off, generally represent only our goals, aims, expectations and objectives regarding our plans, the spin-off, such forecasts and potential results from the plans and the spin-off. While many statements use language that might imply a level of certainty about the likelihood that we will attain these goals, aims, expectations and objectives, it is possible that we will not attain them in the timeframe noted or at all. By their nature, the risk and uncertainty associated with these goals, aims, expectations and objectives are greater than that associated with near-term guidance, and should not be construed as guidance. Therefore, investors should construe these statements only as goals, aims, expectations and objectives rather than promises of future performance or absolute statements.





# OVERVIEW OF PHINIA



**Brady Ericson**  
Chief Executive Officer



# Empowering the Transition to Carbon Neutrality

Market-leading systems and components that drive efficiency today, while powering towards a carbon-free tomorrow



# Our Values Define Our Business

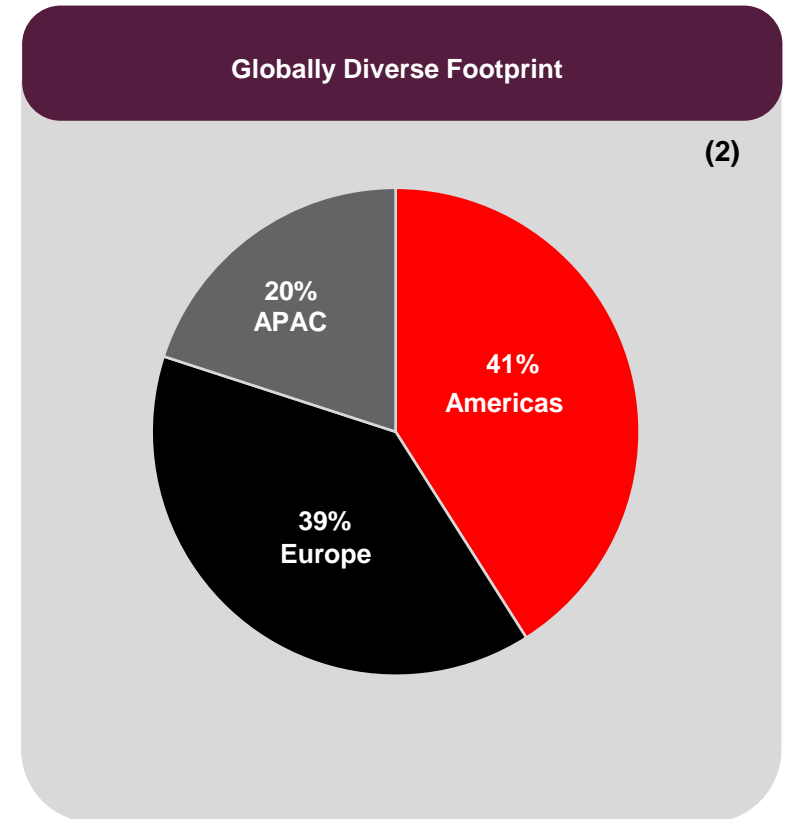
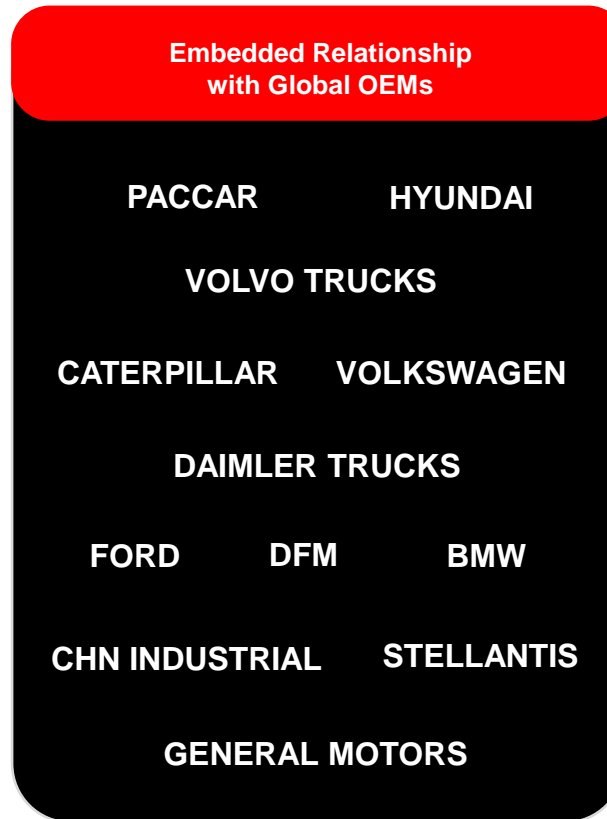
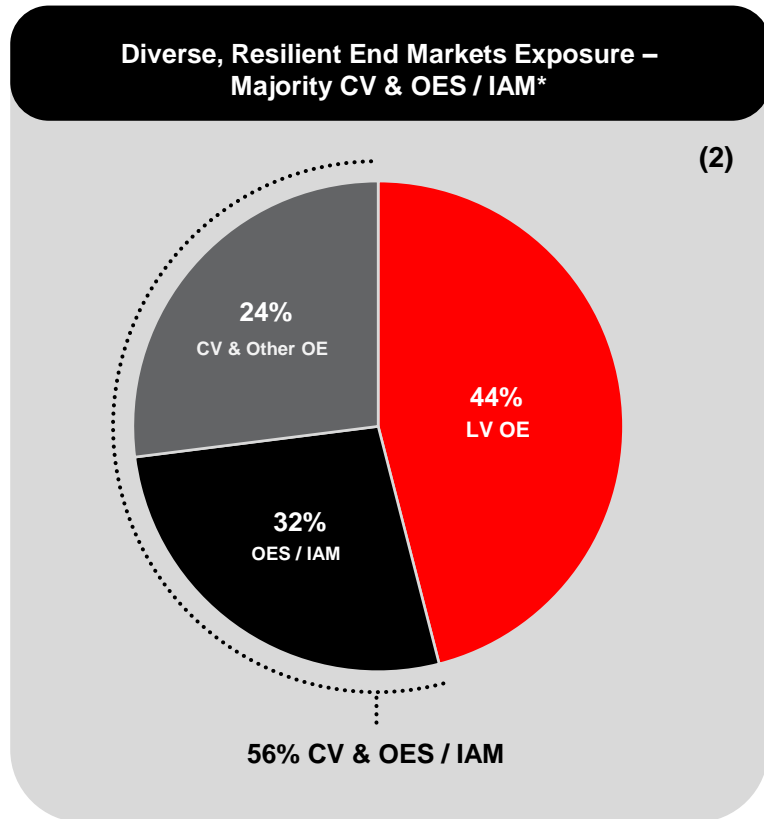
- ➔ **Product Leadership** - Innovation that brings value to our customers
- ➔ **Humility** - Seeking out diverse perspectives and working collaboratively
- ➔ **Inclusivity** - Recognizing our differences make us stronger; we are bold and intentional
- ➔ **Net-Zero** - Committed to energy efficiency, waste reduction and beneficial reuse
- ➔ **Integrity** - Taking responsibility for our decisions and doing what is right
- ➔ **Accountability** - Taking ownership of our actions and for driving results



Our values support our commitment to innovation and quality as a trusted partner, powering our customers' transition to a cleaner, **brighter tomorrow**



# PHINIA's Diverse Markets and Customer Base...



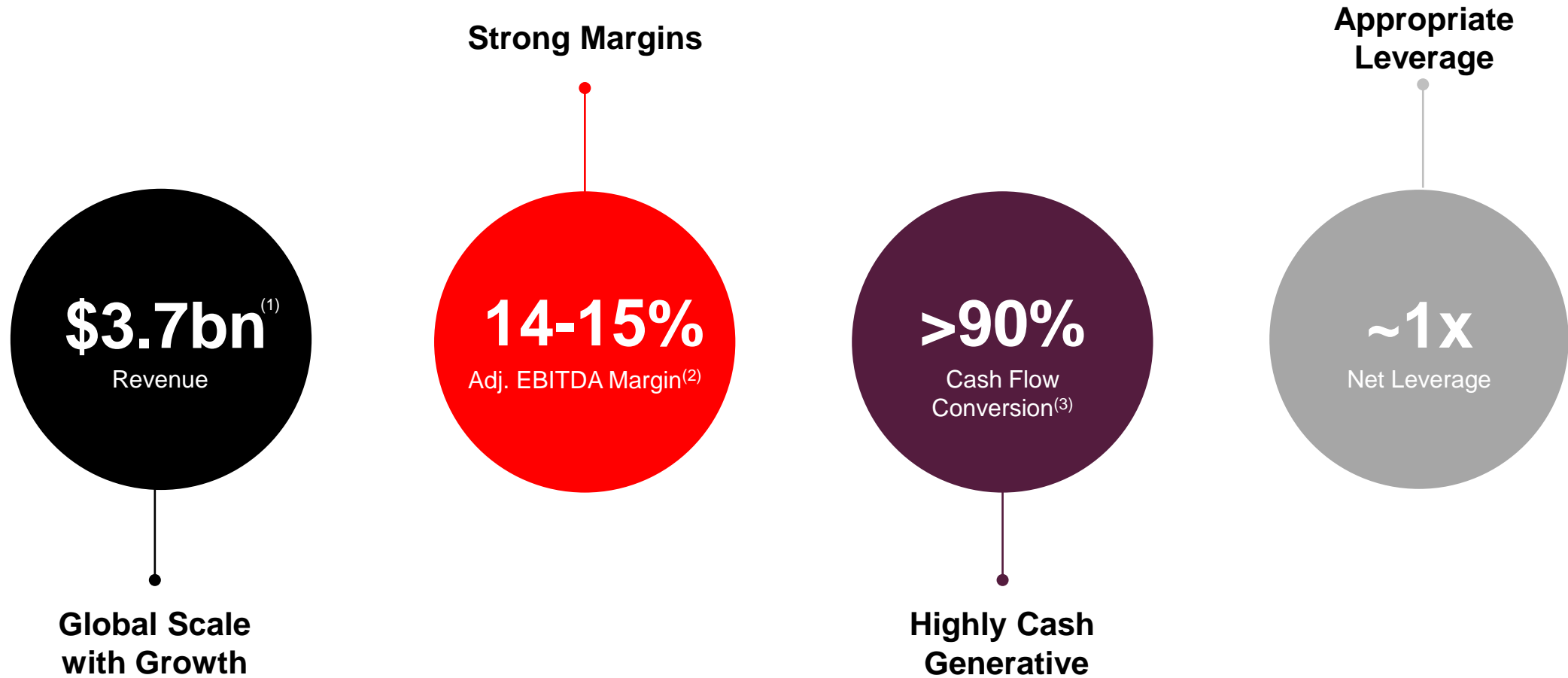
**\$3.4bn<sup>(1)</sup> Revenue (2022)**

(1) Includes ~\$97mm of annual revenue in 2022 from contract manufacturing agreement that should be completely phased out by the end of 2024.

(2) Excludes contract manufacturing revenue

\*CV is Commercial Vehicle; OES is Original Equipment Suppliers & IAM is Independent Aftermarket

# ...Expected Strong Financials for 2025 and Beyond



(1) (Does not include \$95-100mm of Contract Manufacturing Revenue to BorgWarner – Phased out by end of 2024)

(2) Non-GAAP metric. See Appendix p. 68 for Adj. EBITDA and Adj. EBITDA Margin definition.

(3) Non-GAAP metric defined as (Cash Flow from Operations – Capex) / Adj. Net Earnings. See Appendix p. 69 and 70 for Adj. Net Earnings and FCF definitions

# Answers to Sectors' Most Pressing Needs

## Reliable Supplier Partner



Global reach with scale –  
engineering and manufacturing



Financially strong and  
committed to market

## Solutions that Drive Efficiency



Innovative technology that  
drives value for end customers



Full system integration  
capabilities – including software  
and calibration services

## Pathway to Carbon Neutrality



Leading alternative  
fuel technologies

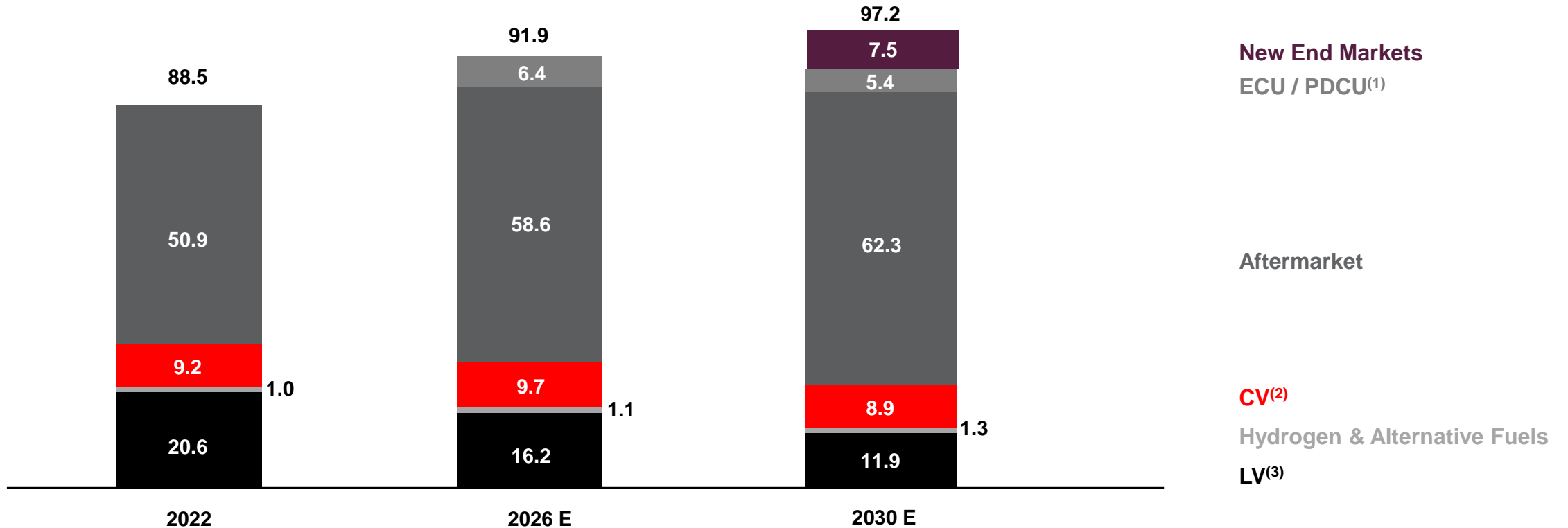


Committed to carbon  
neutrality in all our  
facilities by 2035

# Large, Clearly Defined Addressable Market

## Total Addressable Market (\$bn)

**PHINIA's** Markets are expected to grow at ~2% CAGR from 2022 to 2030



Source: IHS.

(1) Electronic Control Unit (ECU) & Powertrain Domain Control Unit (PDCU) are being added to **PHINIA's** TAM post-spin via perpetual royalty-free license agreement.

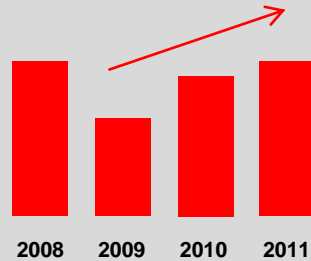
(2) Reflects DDi, Canisters, Fuel Delivery Modules, and Starters & Alternators.

(3) Reflects GDi, Canisters, Fuel Delivery Modules, and Starters & Alternators.

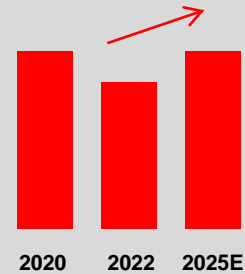
# CV Market is Core to **PHINIA**

## Resilient CV Market

Quick recovery during the Global Financial Crisis  
**24.6%**  
 CAGR ('09-11)

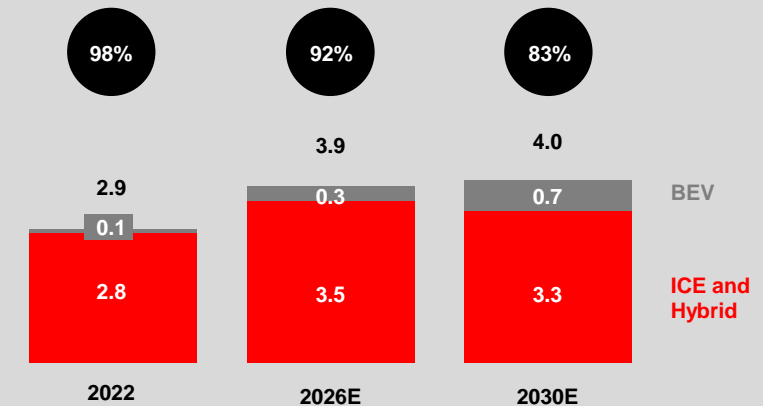


Post-COVID resiliency  
**7.0%**  
 CAGR (22-25)



- ➔ Not directly tied to consumer spending
- ➔ CVs and associated maintenance are non-discretionary purchases for fleet owners
- ➔ Better visibility on production outlook given order books and longer manufacturing lead times

## ICE to Remain Dominant Technology

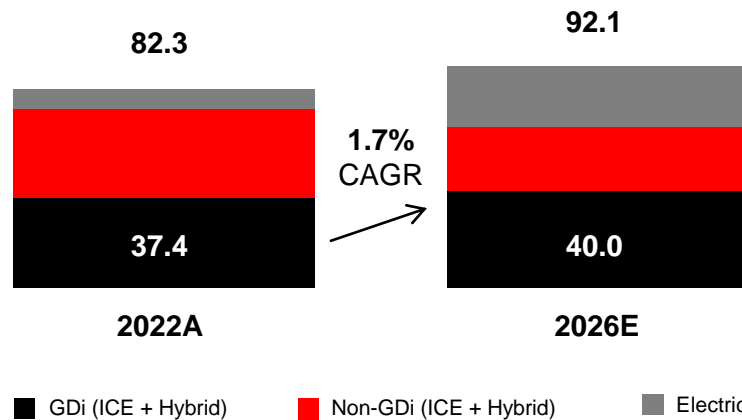


- ➔ We see significant challenges for BEV adoption in CV, Industrial, Off-Highway and long-haul trucking
- ➔ Share gain opportunity through supplier consolidation and leveraging our leading alternative fuel technology

# LV Provides Growth Opportunity Mid-Term

Core LV Technology Remains Mid-Term Tailwind...

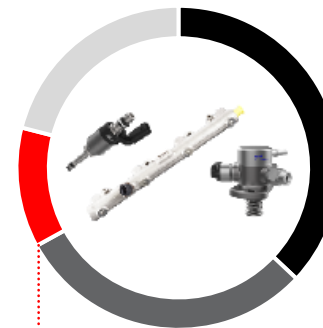
Global LV Production (mm)



- ⇒ GDi will see secular growth with increased penetration on hybrid and PHEV applications
- ⇒ Opportunity for **PHINIA** to increase share with leading GDi technology and declining competition – improving efficiency

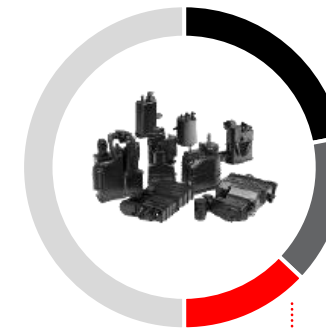
...with Opportunity to Increase Share

Gasoline Direct Injection



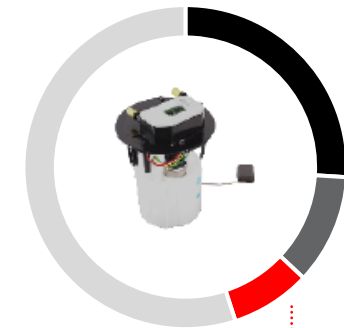
#3 Position  
(12% Share)

Canister



#3 Position  
(13% Share)

Fuel Delivery Modules



#3 Position  
(8% Share)

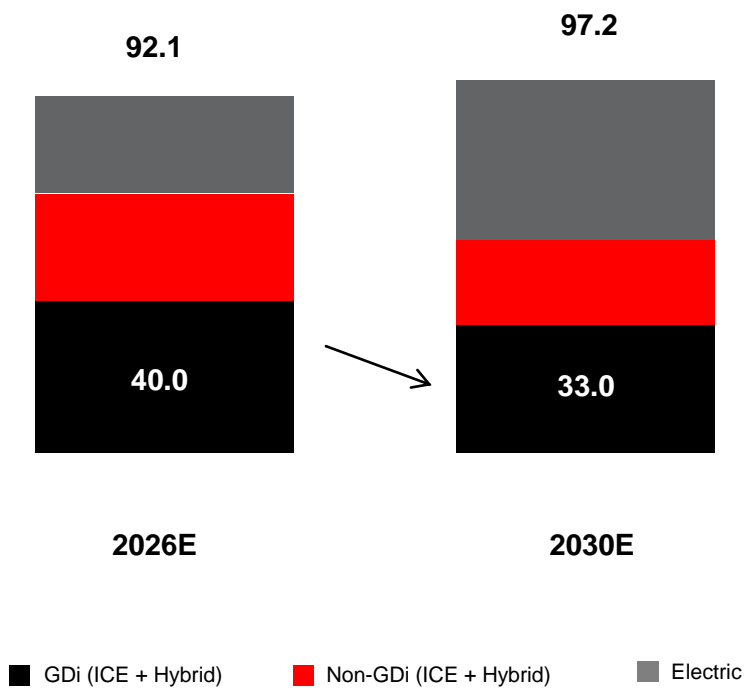
■ #1 ■ #2 ■ Others

Source: IHS and market positioning per company estimate.

# Flexibility to Redeploy LV Capacity to Growth Areas

## Longer-Term Decline in LV ICE Mitigated by...

Global LV Production (mm)



## Continued LV Share Gains to Retain Overall Volumes Longer

- ➔ Plan to gain GDi / LV market share as sector resources are increasingly allocated to electrification
- ➔ Can maintain LV revenue with ~3ppt gain in market share – remain opportunistic – leverage our product leadership and commitment

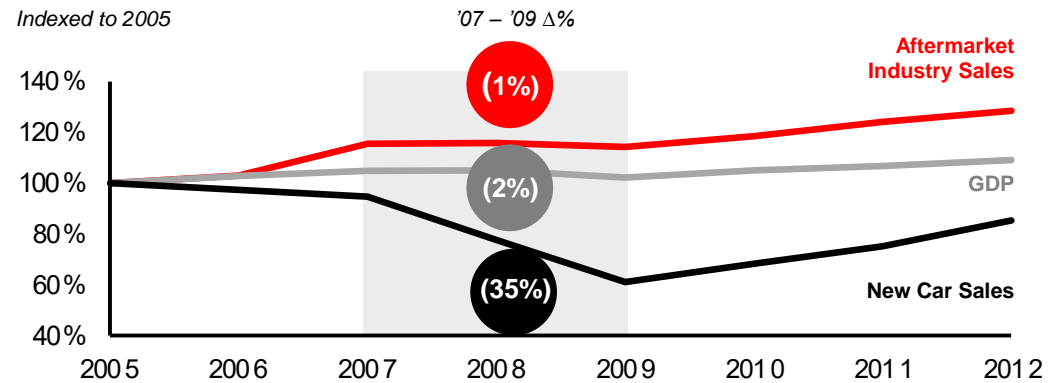
## Efficient Transition to Other Markets

- 👤 Human capital is flexible and can easily pivot to CV / Industrial / other markets
- ⚙️ Leverage GDi technology and investments to lead in alternative fuels
- 💰 Preserve capacity utilization, modest capex intensity and margins

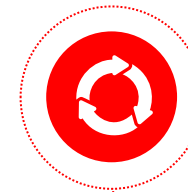
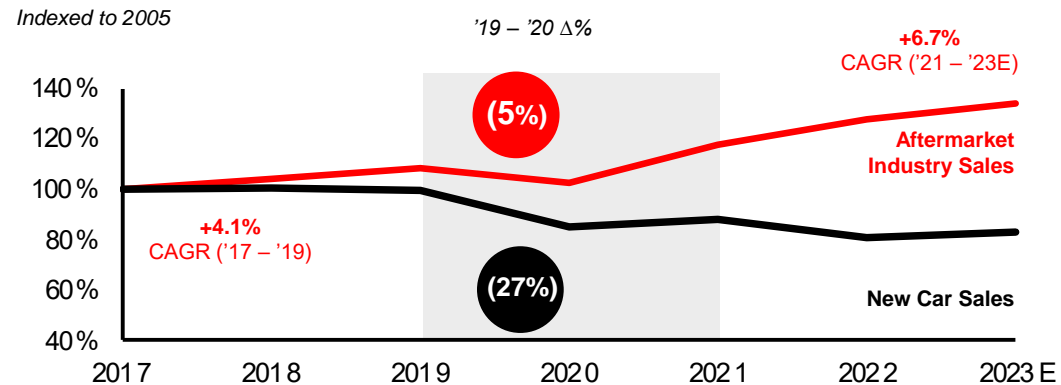
Source: IHS.

# Aftermarket Business Provides Stability...

## 07 - '09 Global Financial Crisis: Significant Outperformance



## COVID Crisis: 'V' Shaped Recovery to '19 Sales in '21



Exceptionally resilient through past macroeconomic cycles



Long track record of consistent, stable growth



Driven by non-discretionary and non-deferrable maintenance expenditure



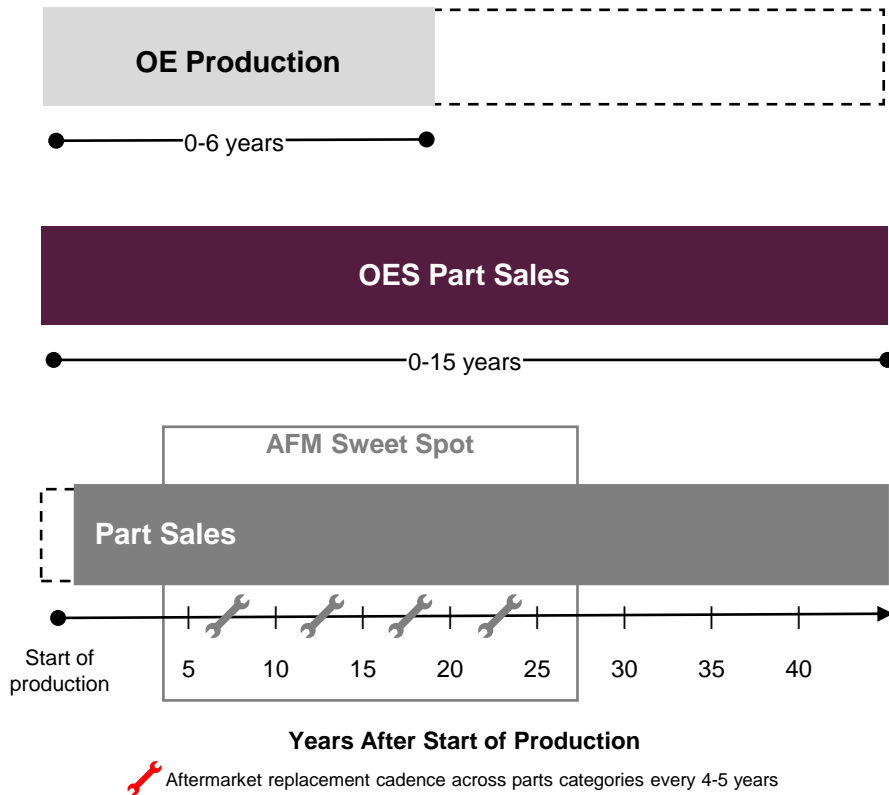
Vehicle affordability dynamics provide tailwind

Source: US Department of Energy, FRED, Auto Care Association Auto Care Factbook and Cox Automotive. Reflects US automotive aftermarket industry sales.

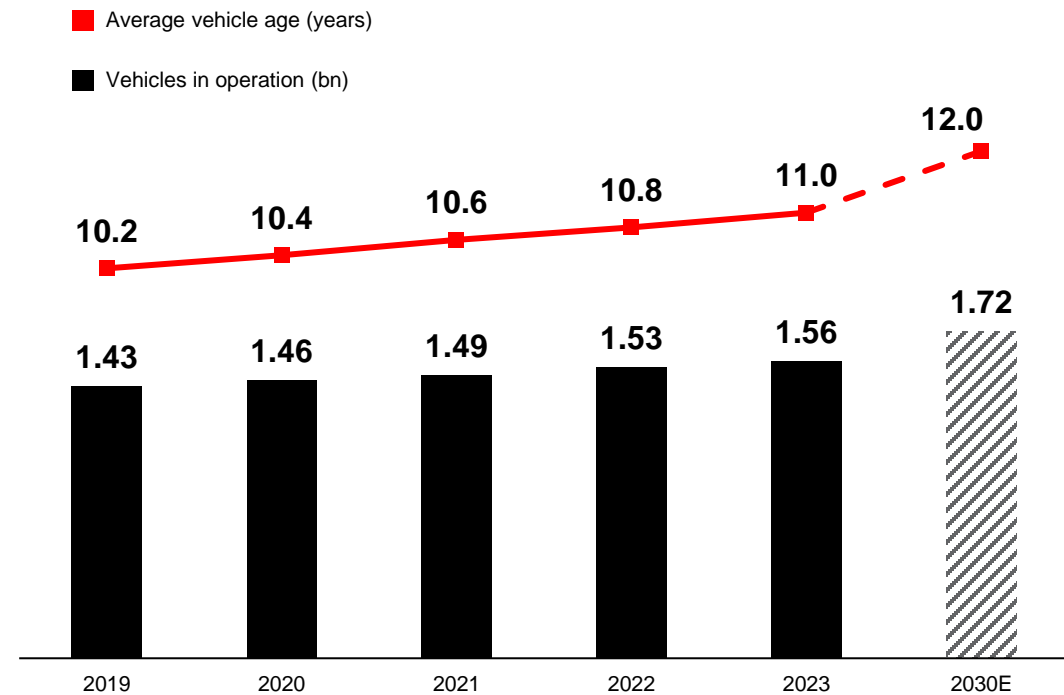


# ...As Well As Longevity and Growth

## Long Life Cycle



## Globally Rising Vehicle Age and Vehicle Parc<sup>(1)</sup>

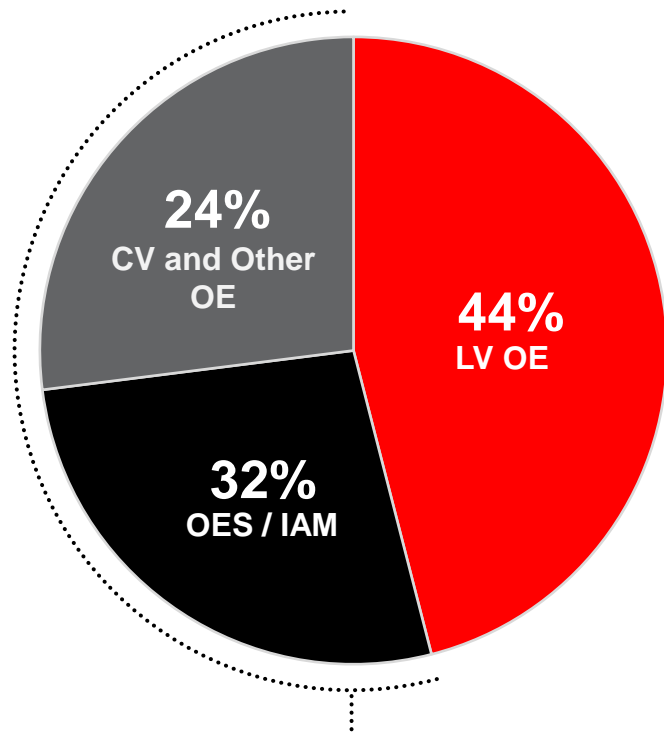


Source: IHS and company data.

(1) Global vehicle age and vehicle parc data reflect both LVs and CVs across all combustion types.

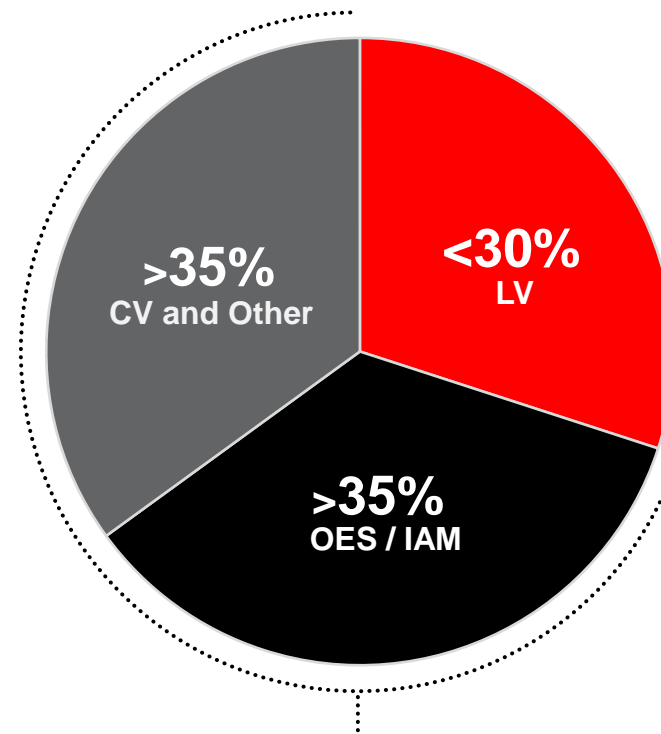
# Strategic Focus on Growing CV & OES / IAM

2022



56% CV & OES / IAM

2030 Target



>70% CV & OES / IAM

These figures exclude contract manufacturing revenue  
OES – Original equipment suppliers  
IAM – Independent Aftermarket

# Financially Disciplined

## Prudent Capital Spending

Leveraging existing assets with only modest capex required to serve customers' needs  
&  
Allocating capital to right-to-win technologies



## Efficient Operations

Benefiting from previous rationalization and ongoing efficiency initiatives  
&  
Continuous drive to optimize structure and footprint

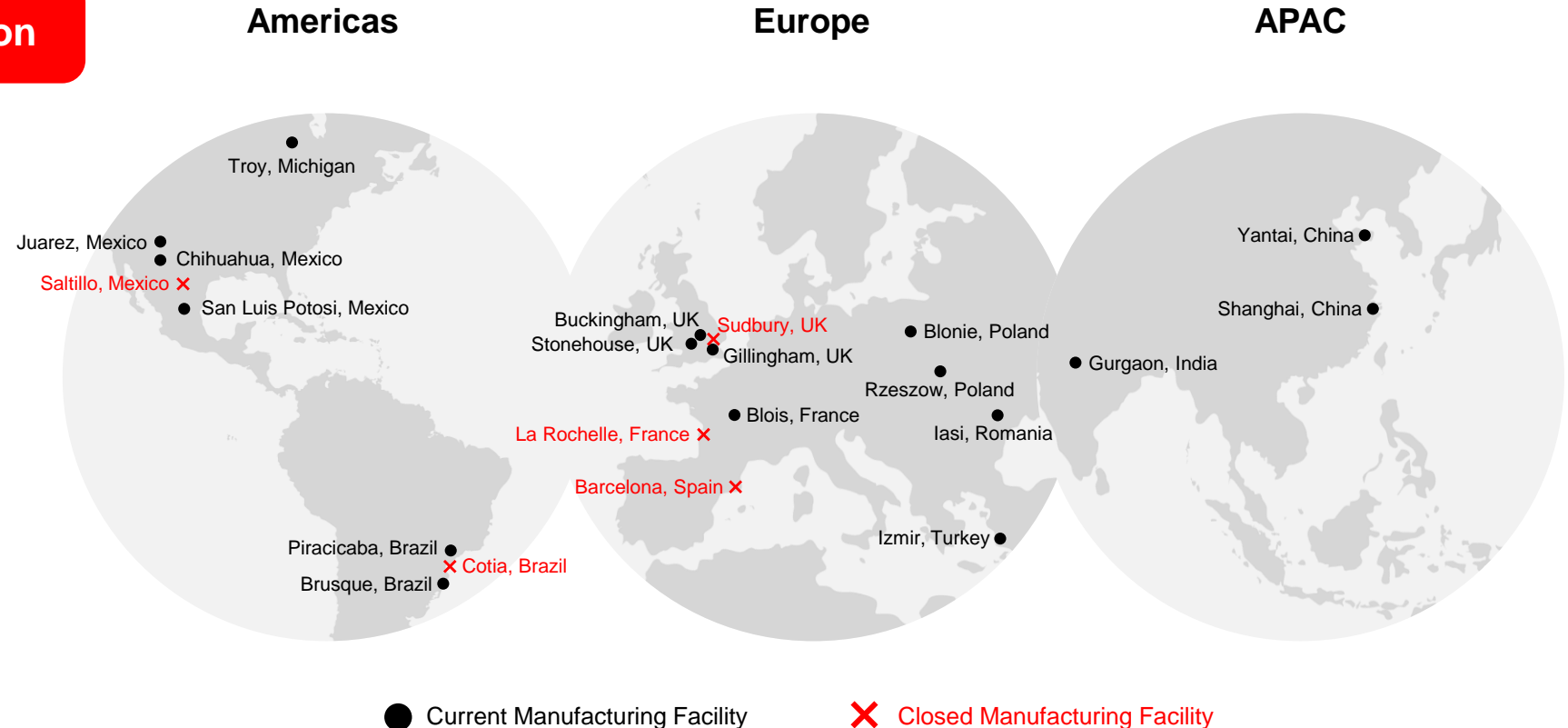


**We Expect Strong and Stable Cash Flow Generation**

# Delivered Successful Transformation

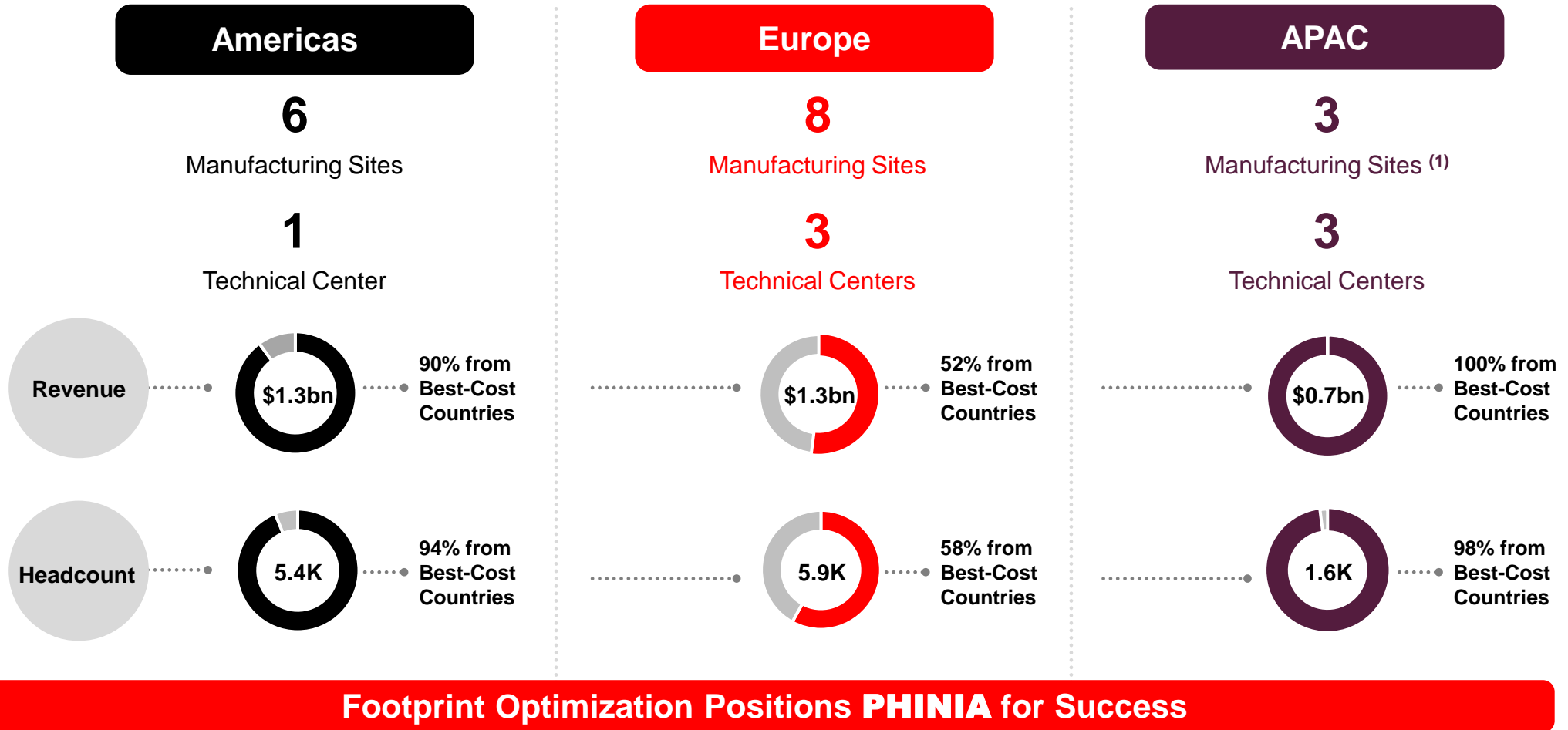
## Operational Transformation

- ➔ **Broad-based objectives accomplished:**
  - 5 manufacturing sites and 4 technical centers closed
  - 3,500+ heads restructured
- ➔ **Resulted in >500bps margin improvement**



Footprint Review and Optimization is Continually Evaluated

# Most Manufacturing in Best-Cost Countries



(1) These numbers do not include the 2 Indian facilities in our unconsolidated JV

# Clear, Viable Path to Deliver Consistent Growth

## Fuel Systems

## Aftermarket

1 Growth in CV

2 Market share gain

3 Leadership in alternative fuels

4 Expand into new end markets and ECUs / PDCU

1 Increase market and wallet share

2 Growing and aging vehicle parc

3 Launch new value-added products

4 All products to all regions

# Vision for Long-Term Value Creation



**Product Leadership**

- ➔ Value-based innovation
- ➔ Reliable, embedded partner for customers
- ➔ Comprehensive system solutions
- ➔ Leadership in alternative fuel



**Stable Growth Strategy**

- ➔ Attractive, resilient end market and product expansion opportunities
- ➔ Leverage core competencies and global presence to profitably drive growth
- ➔ All-products-to-all-regions strategy to scale aftermarket



**Financially Disciplined**

- ➔ Strong, high-quality margins and cash flow generation
- ➔ Detailed, ROIC-based analysis and review of all new investments
- ➔ Maintenance of conservative leverage



**Total Shareholder Returns**

**Investment For Growth**

ROIC-focused reinvestment

Disciplined acquisitions

**Competitive <sup>(1)</sup> Capital Return**

Expect competitive dividend

Opportunistic share repurchases

**Strong Foundation – Balance Sheet**

(1) Subject to PHINIA Board Approval



# PRODUCTS & TECHNOLOGY



**Todd Anderson**  
Chief Technology Officer







# Innovative Systems at Forefront of Fuel Efficiency



1

Market-leading integrated fuel systems featuring value-added software and calibration

2

Customer partnership approach for comprehensive and customized solutions

3










Delivering innovative solutions to meet increasing customer and industry demands

4

Applying core technology and competencies to grow



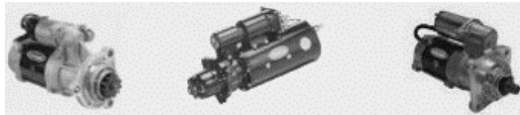
# Leading, Integrated Fuel Systems and Components...

	 Gasoline / Hydrogen Injection System	 Diesel Injection System	 Fuel Delivery Module	 Canister
<b>Description</b>	 Inject fuel at precise intervals for optimal efficiency	 Highly efficient reaching up to 3,000 bar pressure	 High-efficiency pump system delivers fuel to injectors	 Recirculates fuel vapors and regulates pressure
<b>Category Highlights</b>	<ul style="list-style-type: none"> <li>GD-i: 350+ bar for high efficiency and low emissions</li> <li>High performance for good value</li> </ul>	<ul style="list-style-type: none"> <li>Engine Control Unit hardware design capabilities growing</li> </ul>	<ul style="list-style-type: none"> <li>Sealed system enables higher reliability with low energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>Robust system capable of being implemented across various engines</li> </ul>
<b>ECU, System Integration and Software Calibration</b>				
<ul style="list-style-type: none"> <li>Proven software in fuel agnostic applications</li> <li>Significant calibration and testing capabilities</li> </ul>			<ul style="list-style-type: none"> <li>Leading software development</li> <li>Know-how on all EMS components</li> </ul>	

 **Global top-3 market position across all categories**

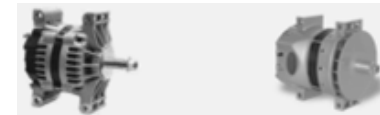
# ...and Starters & Alternators Focused on CV

## Starters



Conventional and Long-Life

## Alternators



Conventional and High-Efficiency Brushless

Description

Highlights

- Output 3.3 KW – 10 KW
- 12V and 24V
- New and remanufactured

- Output 50A – 430A
- 12V & 24V
- New and remanufactured

Bringing Customer Value via Tailored Application Support and OE, Fleet, Dealer Training

# Engineering Support Close to Customer

## Americas



## Europe



## APAC



## Embedded with Customers

- ⇒ Local team close to the customer for tight collaboration and bespoke solutions
- ⇒ ~1,500-person science & engineering team
- ⇒ Focus on efficiency improvements, emissions reductions and progress to carbon neutrality

📍 Technical Center

📍 Application Engineering

**System Integration and Design Capabilities Fostered by Locally Embedded Expertise**

# Delivering Integrated, Turnkey Solutions

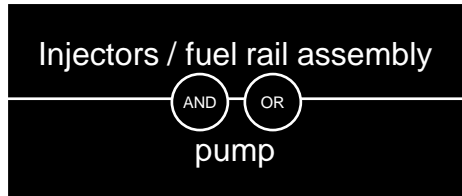
From Component...



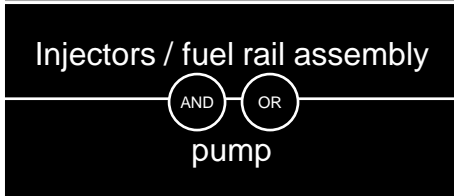
Trend Towards More Integrated, Turnkey Solutions

...to System Supply

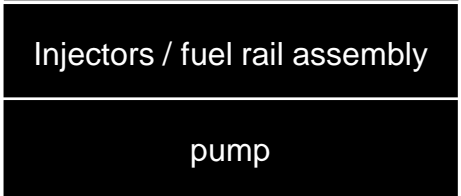
No longer a main sourcing strategy



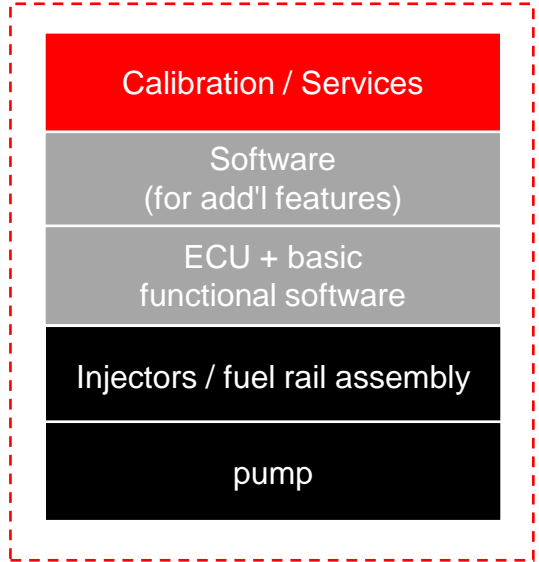
ECU + basic functional software



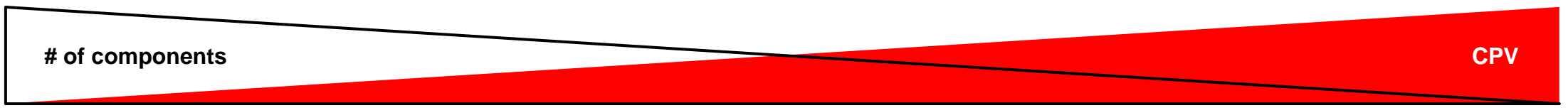
Software (for add'l features)  
ECU + basic functional software



Optimal Solution



PHINIA focused on delivering integrated capabilities



# Case Study in Trusted Partnership

Partnership Stage

## Initial Interaction

Project Relationship Established  
2000 – 2009

## Platform Development

Strengthened Partnership  
2010 – 2022

## Full System

Partnering with Future Engine  
from 2023 and beyond

Core Technology

Supplied / Enabled



- ⇒ High-precision injector for a heavy-duty common rail system



- ⇒ Electronic control fuel system to meet stringent Euro 6 emissions requirements
- ⇒ Contributing to ~ 2-3% improved fuel economy



- ⇒ Leverage competency and technology to support Euro 7 emission standards
- ⇒ Engine roadmap, product collaboration on alternative fuel systems

Integrated and Customized OEM Solutions Leveraging Unique Product and Engineering Expertise

# Hydrogen Demonstration Vehicle





# Delivering Innovation to Address OEMs' Needs

## Current Systems

## Future Systems

## Alternative Fuels

CV



Current technology meeting the world's most stringent emission standards



Next-gen technology enhances fuel efficiency, reduces particulates to meet stringent Euro 7 emission standards



Leveraging base technology, deliver innovative alternative fuel technologies

LV

350 bar Direct Injection



Strong technology products and systems for excellent vehicle performance

500+ bar Direct Injection



Continued GDi technology investment providing even greater performance to customers

ECU



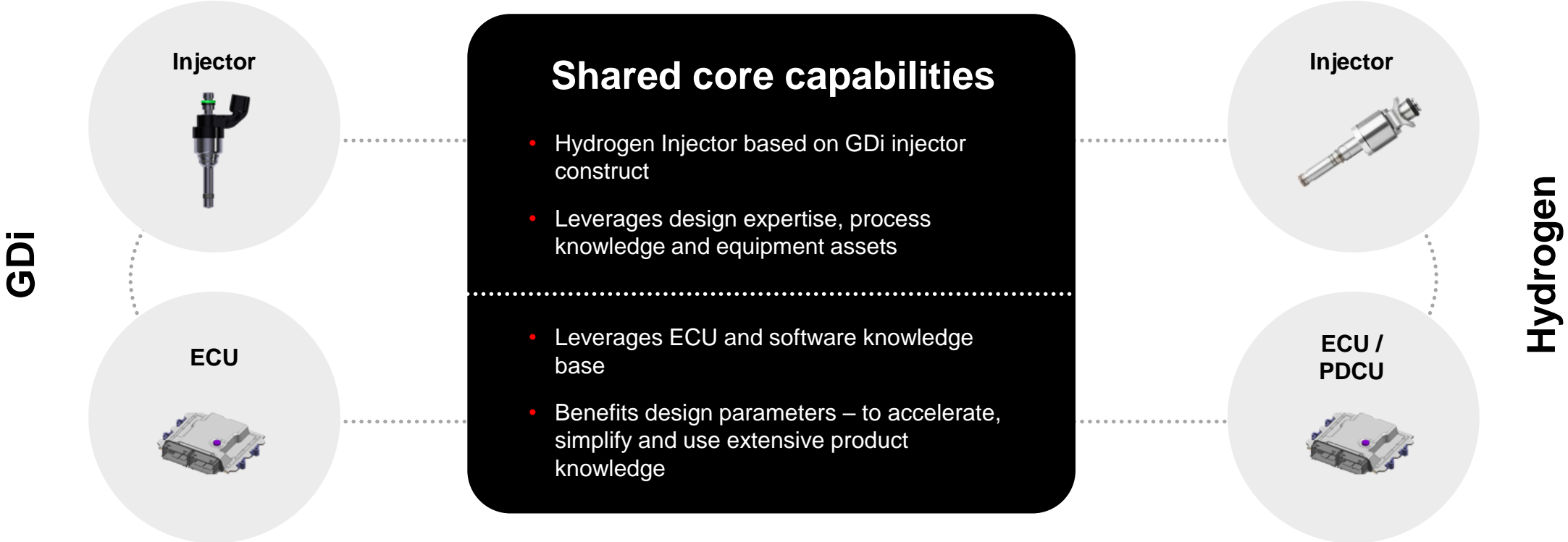
Design and development:



Design and development:



# Hydrogen Injection Leverages GDi Technology...



**We Believe Core Technology Positions PHINIA to be the Leader in Hydrogen**

(ECU) Electronic Control Unit  
(PDCU) Powertrain Domain Control Unit

# ...And is Right-to-Win Growth Category for **PHINIA**

## Hydrogen Tailwinds Boost Appeal as BEV Alternative

**“Premiere: Volvo Trucks tests hydrogen-powered electric trucks on public roads”**  
 - May 8, 2023

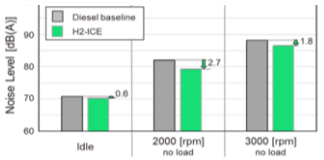
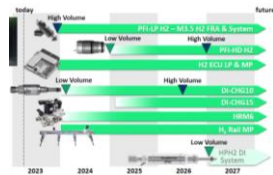
**“Honda teaming up with GM to build hydrogen-powered cars ... Fuel cell CR-V coming in 2024”**  
 - February 3, 2023

**“Porsche’s Propulsion Future Includes Hydrogen, Green Fuel”**  
 Porsche has developed a hydrogen-powered internal-combustion engine to replace its gas-powered V-8 and a synthetic fuel stock that replaces gasoline.  
 - January 17, 2023

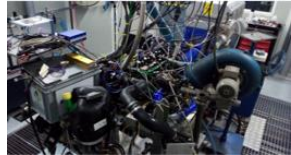
**“Senators Coons, Cornyn reintroduce legislation to support hydrogen technologies for emissions reductions”**  
 Bipartisan package of four bills will support hydrogen infrastructure buildout and help grow the U.S. hydrogen economy”  
 - March 2, 2023

## 50 Partners / Projects Engaged Last Year

Since 2021  
**50 Opportunities**



**32 Initiations**



**23 Executions**



# Growth Opportunity from End Market Expansion

## Industrial Applications

### Existing Applications



Heavy-Duty Marine



Stationary Power Generation

### Existing Areas



Linear Power Generation



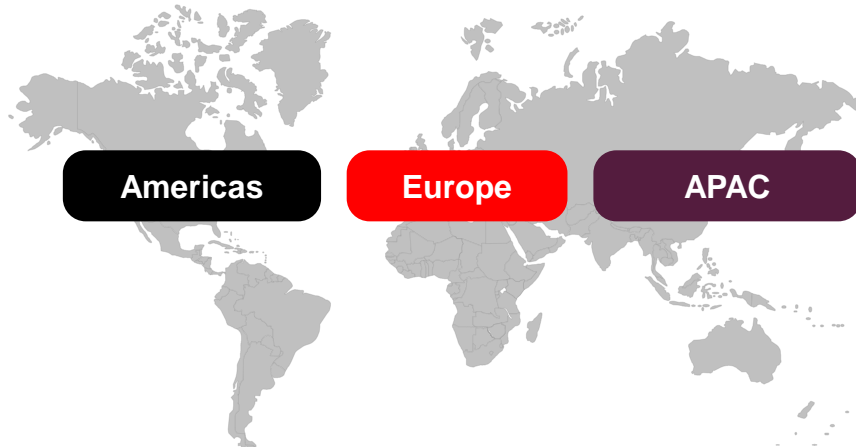
Aerospace Turbine Engines



GDI for Diesel

- ➔ Opportunity unaffected by BEV transition
- ➔ Leverages core capabilities and skills
- ➔ Benefit from strong demand for fuel system performance

## Geographic Expansion



Americas

Europe

APAC

Americas

Secure additional CV and GDI production across the Americas

Europe

Leverage existing assets to boost new business for discerning customers

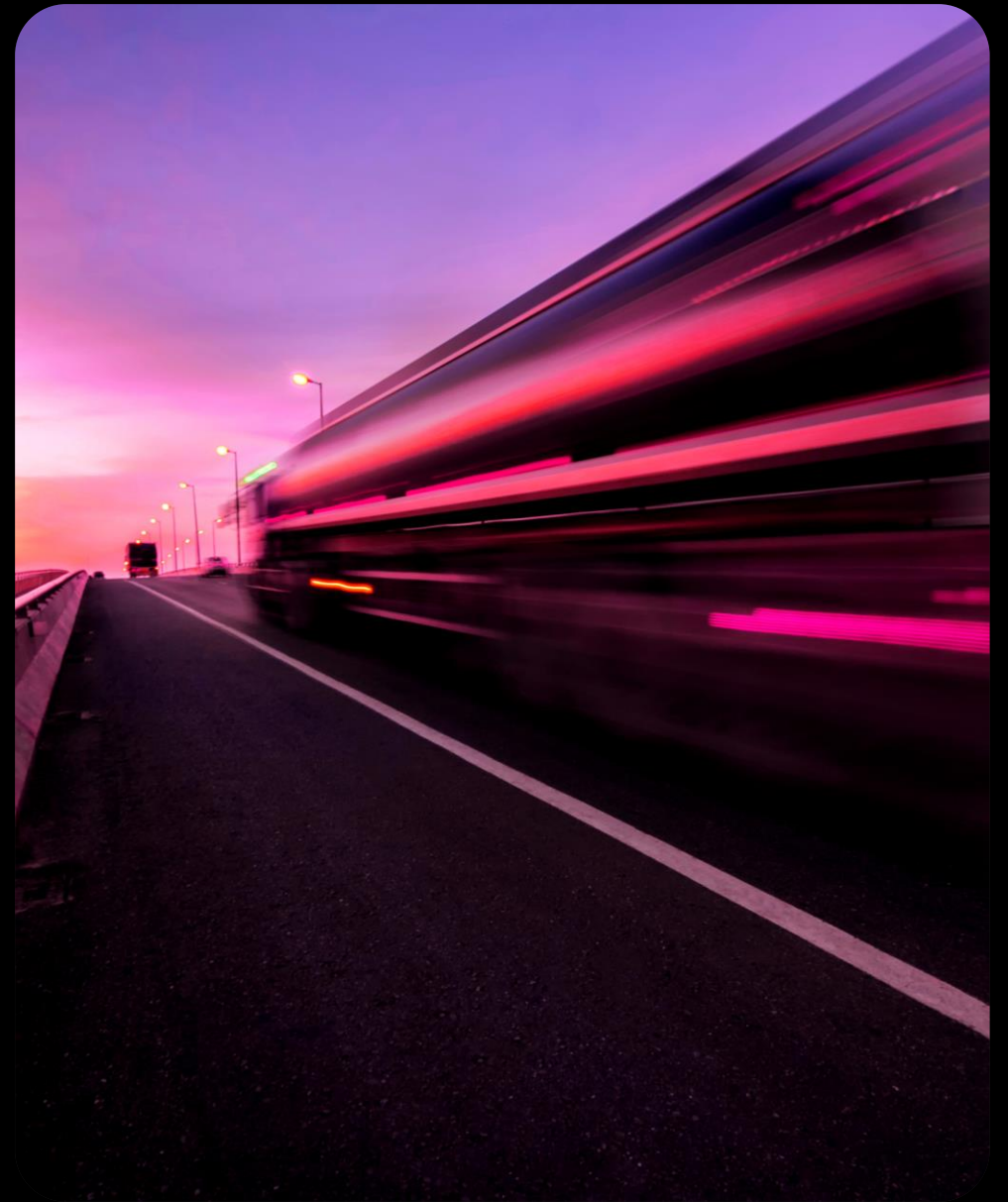
APAC

Continue to localize capacity and supply

# AFTERMARKET



**Neil Fryer**  
Vice President & General  
Manager, Aftermarket



# Aftermarket Segment is a Platform for Growth



1

• Our approach combines OE credibility & synergies with aftermarket specialist agility

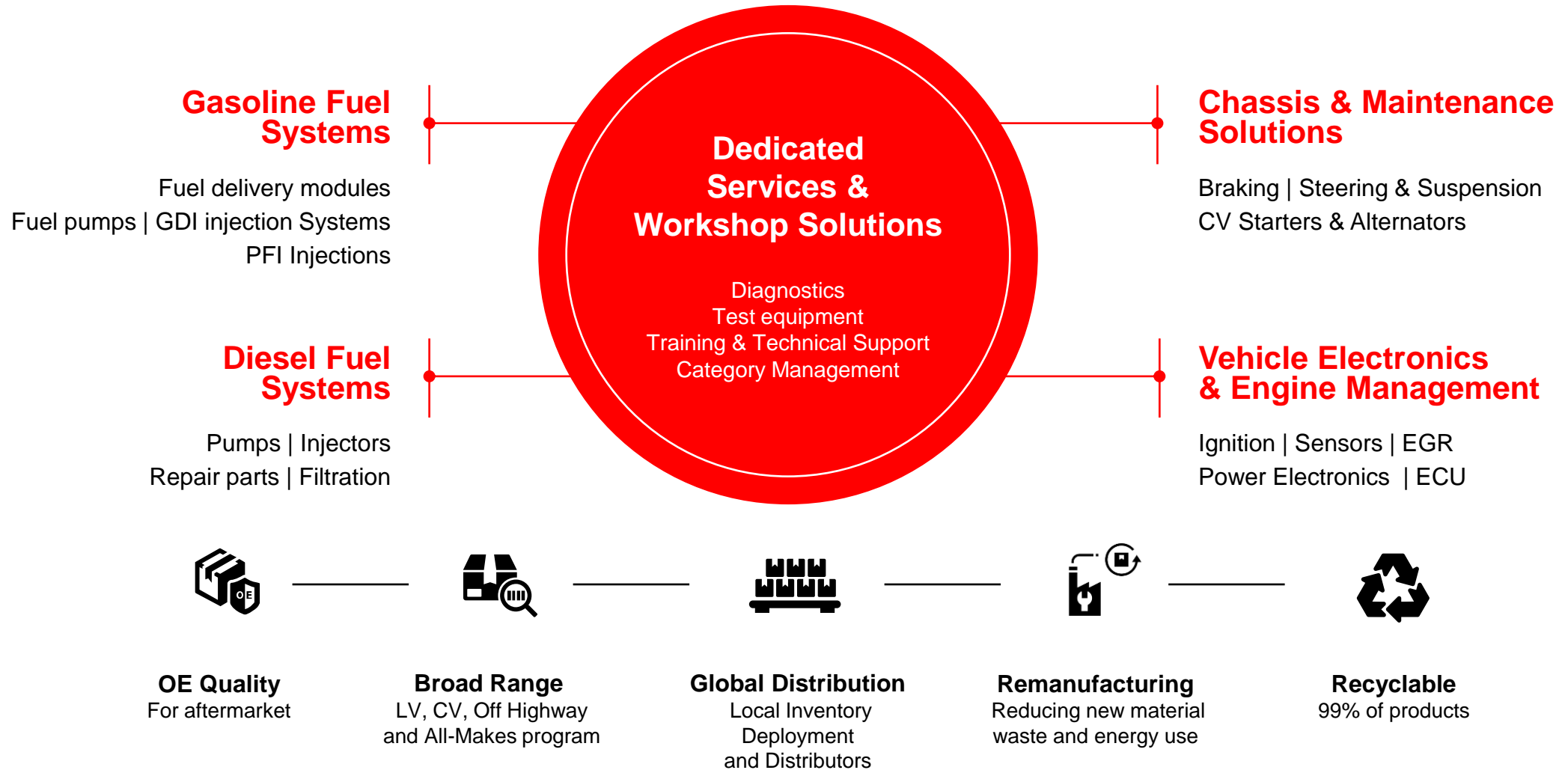
2

• Serves global market with broad product portfolio leveraging powerful brands

3

• Significant growth opportunities with strong margins and cash flow

# Holistic Approach to Winning in the Aftermarket



# Synergistic Sourcing Model Leverages OE products



**OE Manufacturer Channel**

OEM Dealers | OEM Workshop Chains

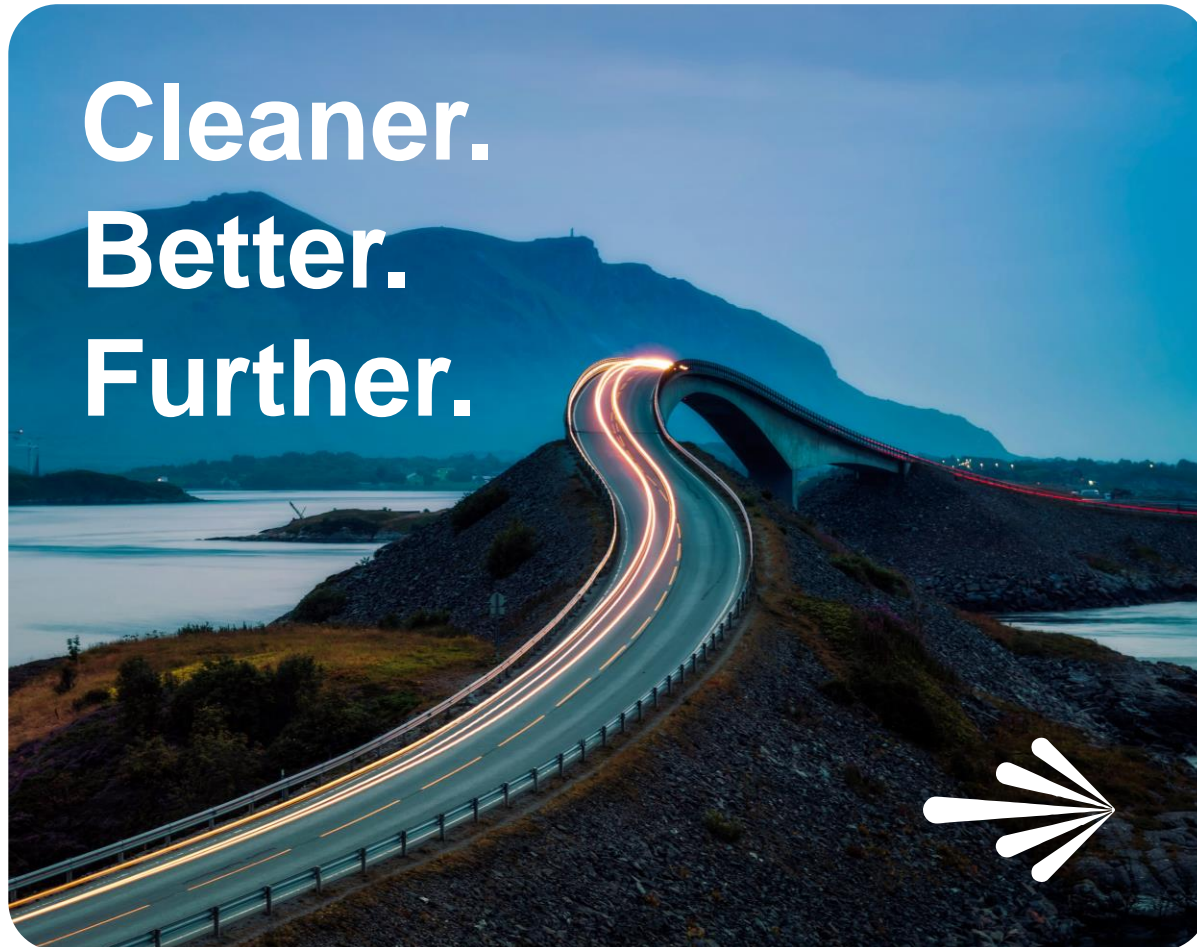
**Independent Aftermarket Channel**

Wholesale | Retail | Online

(1) AFM produces Starters & Alternators, O2 Sensors, Reman Fuel Systems, Test Equipment.



# Strong Aftermarket Positioning and Powerful Brands



**Delphi**

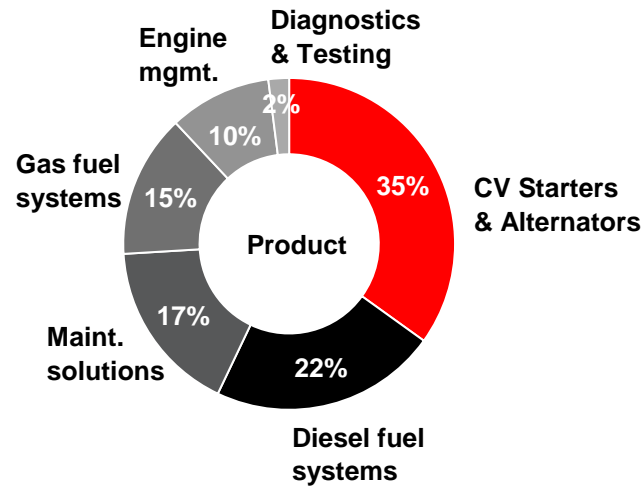
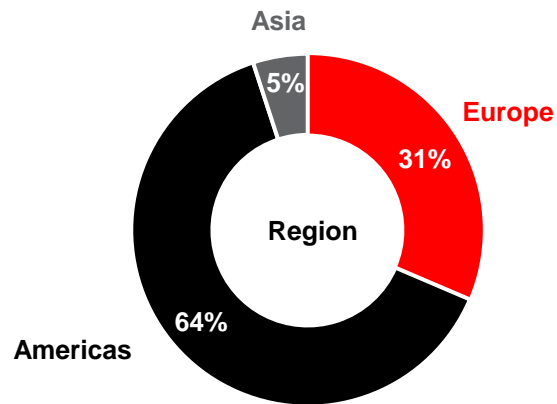


GENUINE PRODUCTS

# Global Reach with Recurring and Stable Revenue

**Strong in Americas with Opportunity to Expand in Europe and Asia**

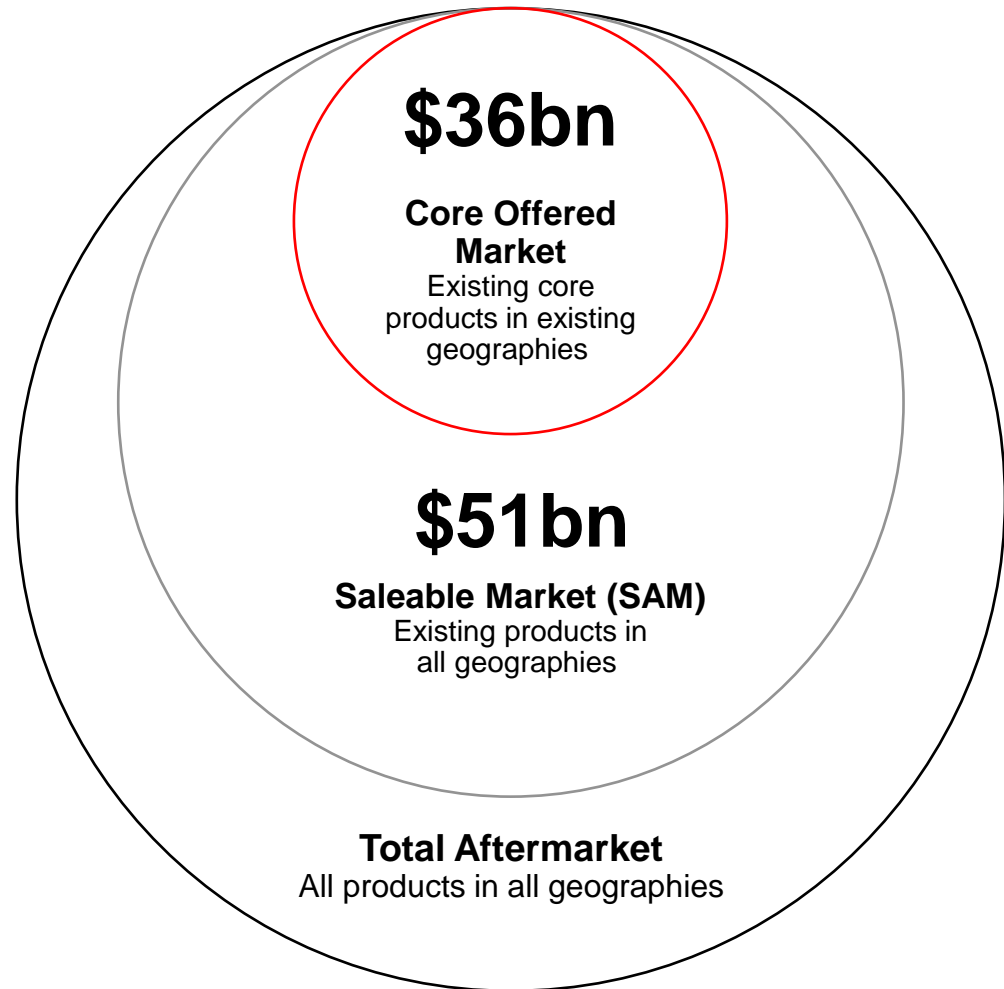
**Recurring and Stable Revenue Base Given Non-Discretionary Nature of Replacement Products**




**Diverse Customer Base**  
 Top 10 customers make up only 36% of Aftermarket revenue

**PACCAR      CATERPILLAR**  
**VOLVO TRUCKS      AUTOZONE**  
**DAIMLER TRUCKS**

# Large Market Opportunity with Sustained Tailwinds



 **Market Drivers**

- Growing number of vehicles in operation
- Increasing vehicle age and miles travelled
- Saleable market includes 40% propulsion agnostic products

# Well-Defined Growth Opportunities

## Market Expansion



- ➔ Sell existing programs in new geographies
- ➔ Grow market share by expanding coverage to >95% in selected programs
- ➔ Support customers building more resilient supply chains by near-shoring production

## Extend Product Offer



- ➔ Remanufacture competitor products
- ➔ Leverage global sourcing capability to selectively enter adjacent categories
- ➔ Use **PHINIA** manufacturing capacity to address competitor part replacement opportunities

## Acquisitions



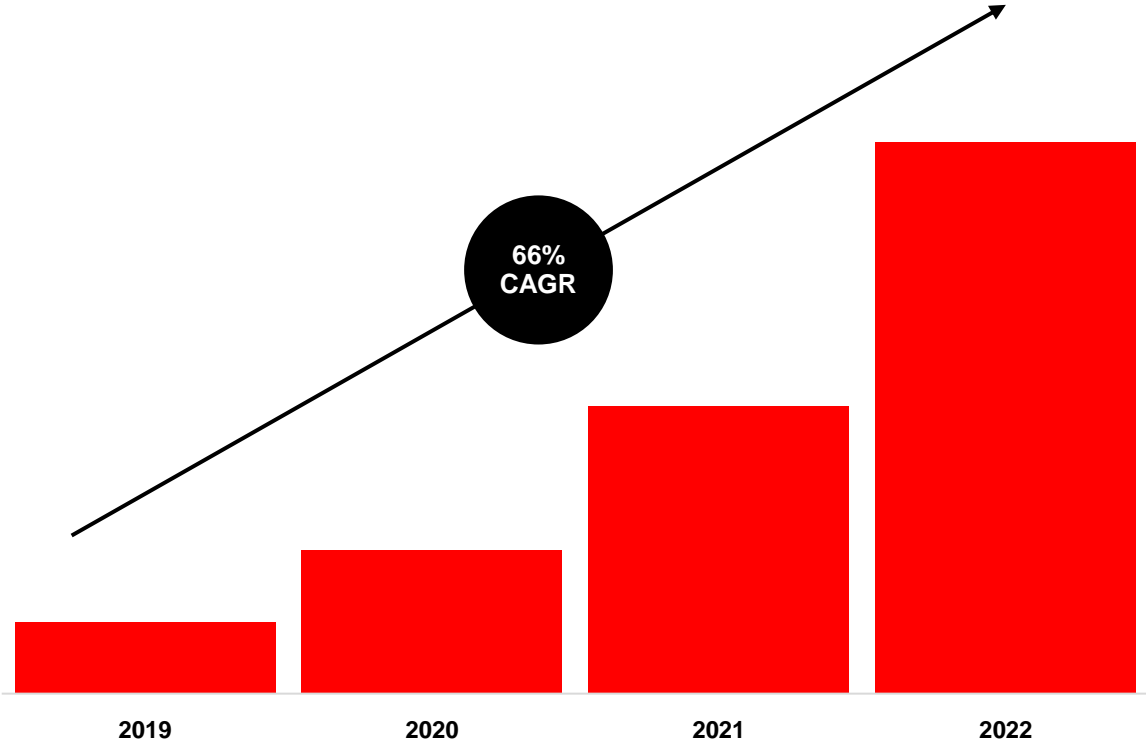
- ➔ Bolt-on acquisitions as market consolidates
- ➔ Vertical integration opportunities to expand margin
- ➔ Expand remanufactured offerings beyond Delphi / Delco Remy products

# Proven Strategy Execution Capability

## Category Sales Growth Since Launch

### Steering and Suspension Launch in North America

- European program extended to North America, leveraging existing supply base and Delphi brand
- Launched 8,000 SKU's in 24 months to build program



# Remanufacturing: Sustainability in our DNA

## Sustainability



- ➔ ~900 remanufactured SKUs in offer
- ➔ Remanufactured ~10,000 mt of material since 2010
- ➔ Largest remanufacturing location reduced CO2 emissions by 65% from 2018 baseline

## Global Capability



- ➔ 5 Remanufacturing locations
- ➔ Diesel Fuel Injection
- ➔ Starters & Alternators

## Growth Opportunity



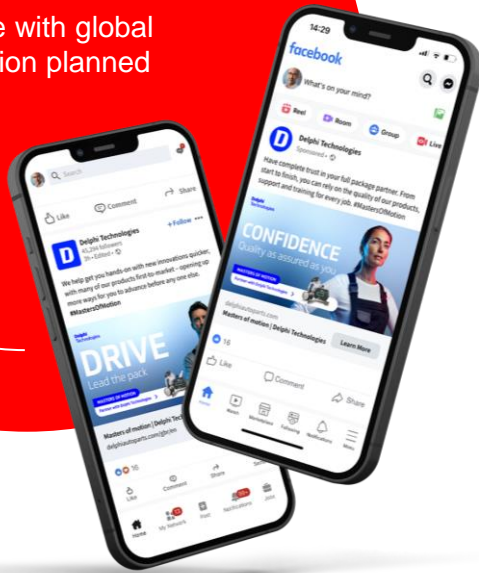
- ➔ ~ 10% of Aftermarket revenue from remanufactured products
- ➔ Invested in Capacity to Remanufacture competitor Diesel products in 2022
- ➔ Expect 30% growth in next 3 years

# Technician-Driven Digital Marketing Driving Demand

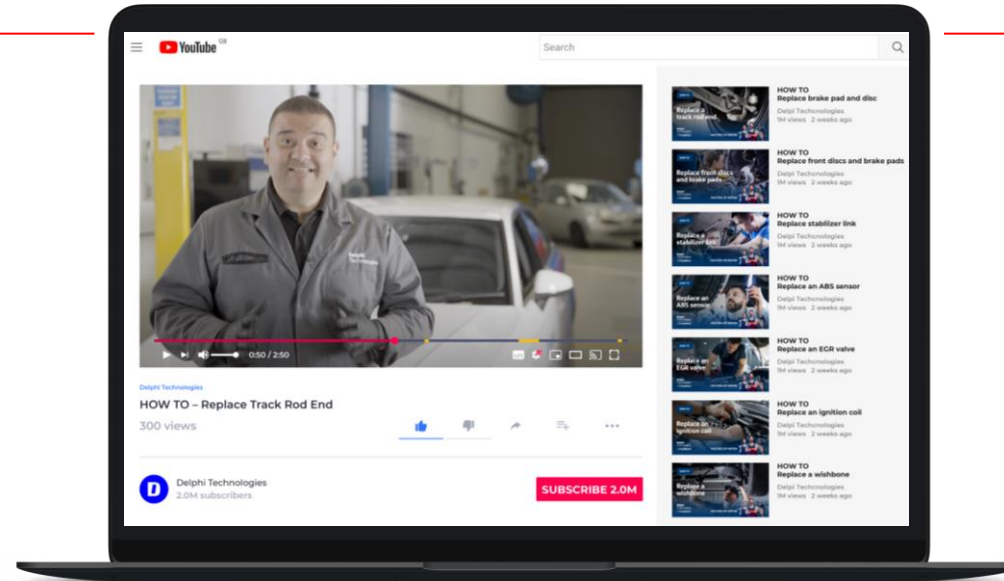


**“Masters of Motion”**

now live with global expansion planned



**Expert-led content across multiple channels**



**‘How To’ videos and handy infographics, need-to-know information, tips and advice**











# FINANCIALS



**Chris Gropp**  
Chief Financial Officer



# Summary of Financial Highlights



1

• Consistent revenue growth

2

• Best-in-class margin profile reflective of high-quality business

3

• Strong Free Cash Flow generation & conversion

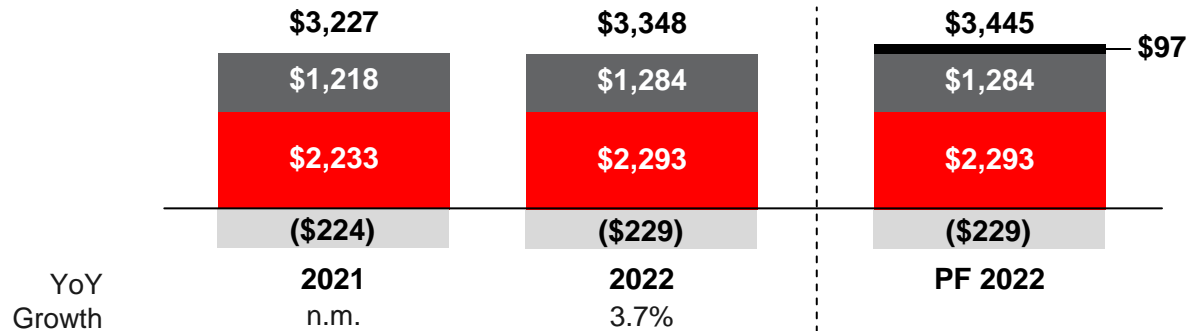
4

• Disciplined capital allocation while maintaining strong balance sheet

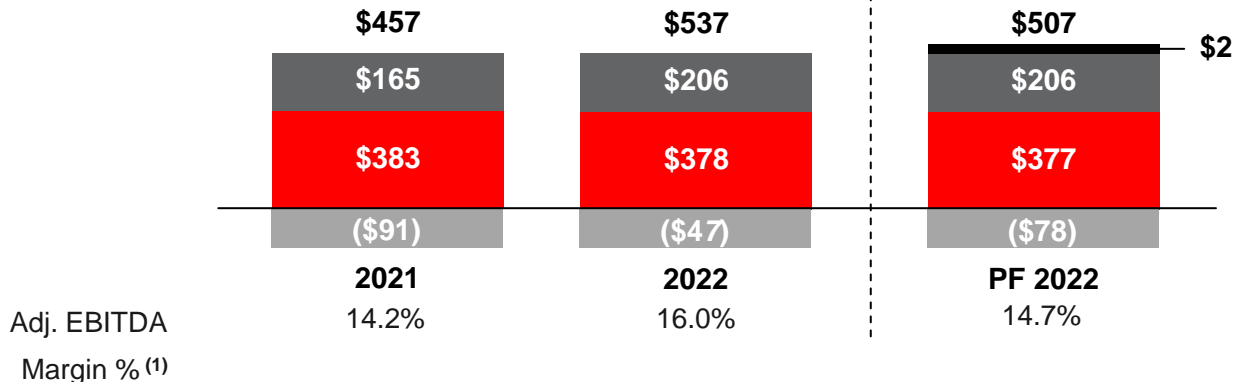


# Historical Financial Performance

## Revenue (\$mm)



## Adj. EBITDA (\$mm)<sup>(1)</sup>



## Commentary

### YoY Revenue Growth

- Fuel Systems growth driven by higher production and customer pricing
- Aftermarket growth driven by higher demand and increased pricing

### YoY Adj. EBITDA<sup>(1)</sup>

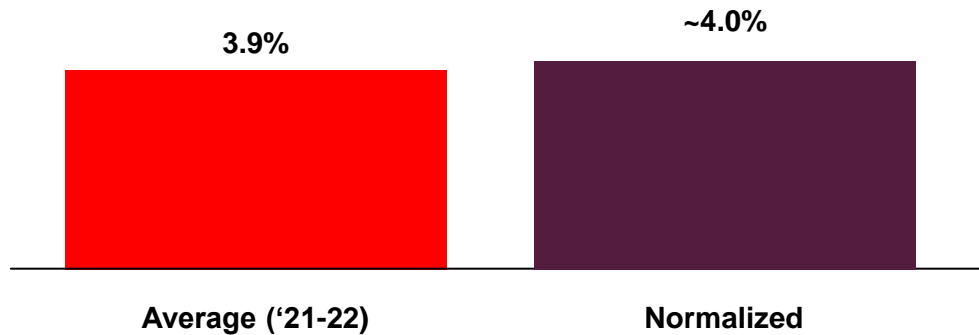
- Fuel Systems' slight decrease primarily due to conversions on higher sales and reduced net R&D costs being offset by launch costs for a production facility in North America
- Aftermarket increase primarily due to higher sales

(1) Non-GAAP metric. See Appendix p. 68 for Adj. EBITDA and Adj. EBITDA Margin definitions.

# High-Return Story with Modest Spend Intensity

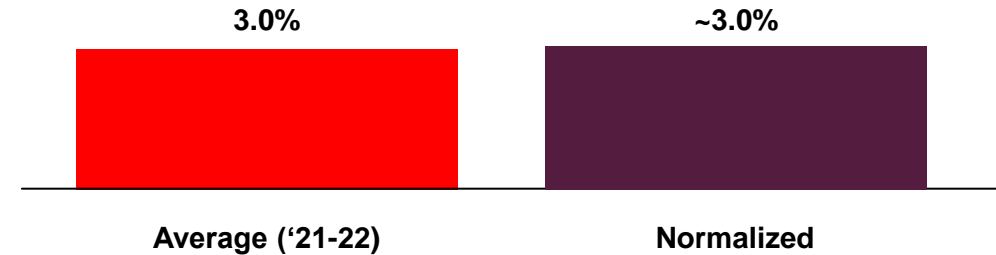
## Historically Low Capex Intensity...

Capex as % of Revenue



## ...Combined with Incremental R&D Leverage

R&D as % of Revenue



## Leveraging Financial Capacity and Technological Expertise for High-Return Investments

### Trendline Capex

~4% of revenue  
(includes growth investment)

### Growth Initiatives

- CV expansion
- Aftermarket expansion
- Hydrogen fuel and renewable ICE technology

### Rationale

- Leverage capacity of established manufacturing assets in the best-cost countries
- Global distribution and sourcing capabilities facilitate natural expansion into new regions and products
- Existing technology and manufacturing assets are highly leverageable

# 2023 Full Year Outlook

- ⇒ YoY revenue increase of ~2%, in addition to ~2.4% of inflationary adjustments
- ⇒ Volume increases related to CV & Aftermarket in Europe and GDi in the Americas, offset by CV softness in China
- ⇒ Margins include built-in savings of ~3% of operations cost, outside of inflationary effects

Metric	FY23 Guidance
Revenue	\$3,550 - \$3,650mm
Adj. EBITDA <sup>(1)(2)</sup>	\$485 - \$505mm
Adj. EBITDA Margin <sup>(1)(2)</sup>	13.5 - 14.0%
Capex	\$140 - 160mm
Tax Rate	27%

(1) Adj. Operating Income and Adj. EBITDA includes \$60 – \$70mm of standalone costs for 2023.

(2) Non-GAAP metric. See Appendix p. 68 for Adj. Operating Income, Adj. Operating Income Margin, Adj. EBITDA, and Adj. EBITDA Margin definitions.

# 2023E Revenue Reconciliation

\$mm



~70%  
customer  
recovery

2022A Pro Forma Revenue

Volume / Mix

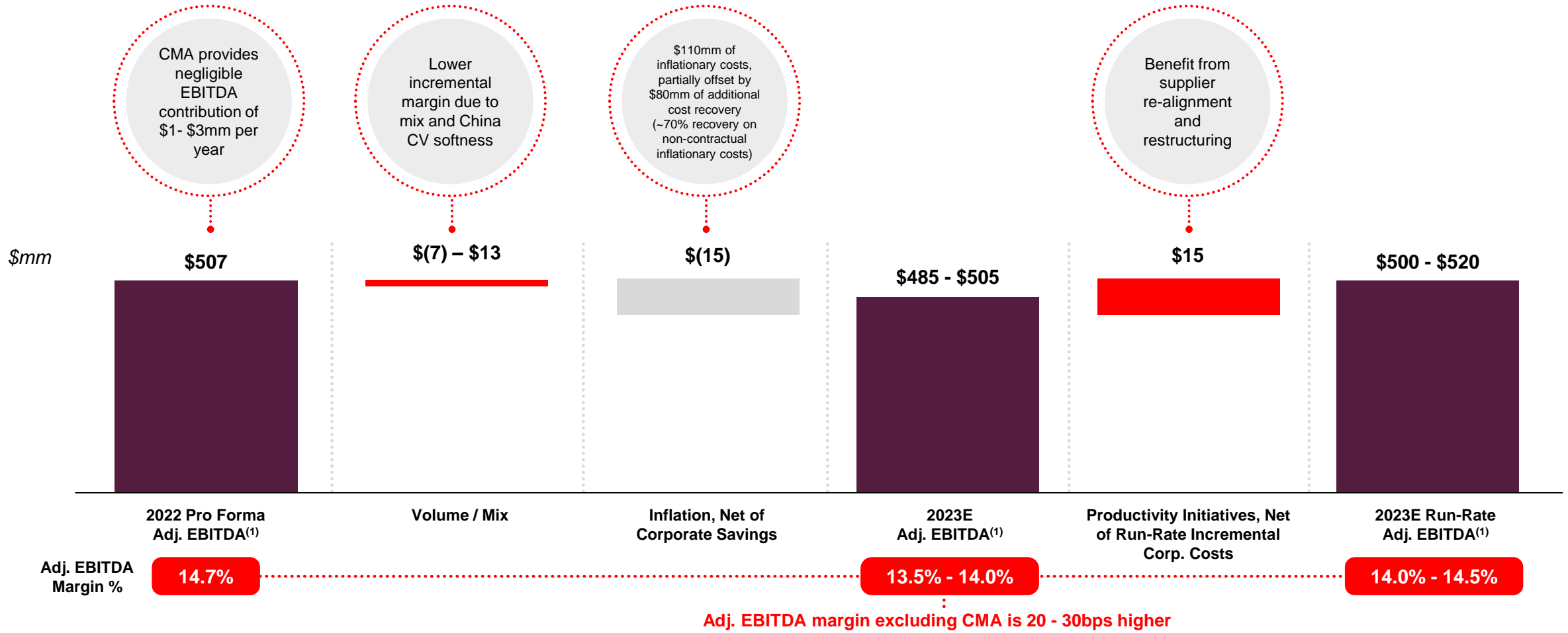
Inflation Pass-Through

2023E Revenue

■ Third-Party Revenue    ■ Contract Mfg. to BorgWarner



# 2023E Adj. EBITDA Reconciliation

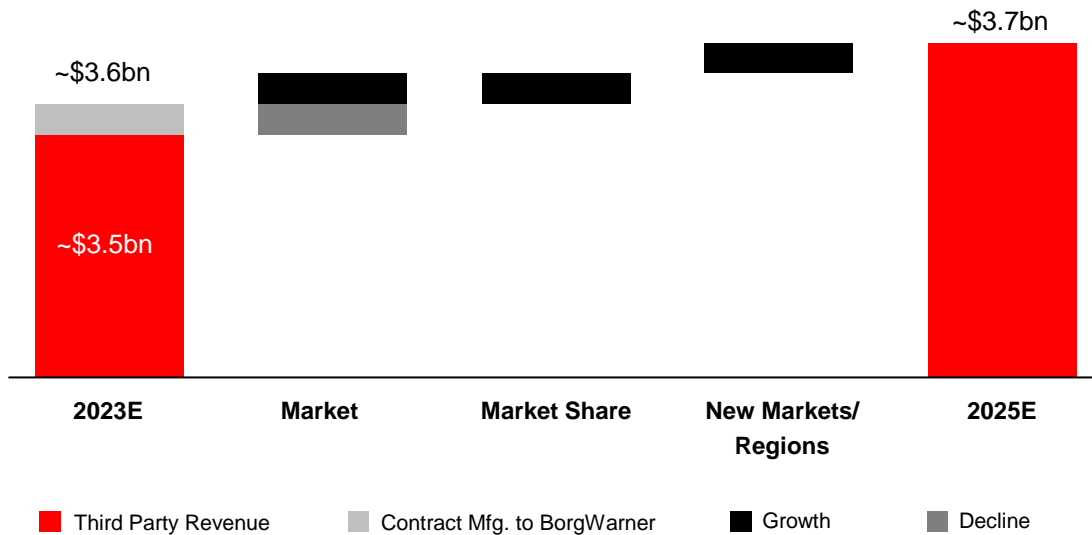


(1) Non-GAAP metric. See Appendix p. 68 for Adj. EBITDA definition.



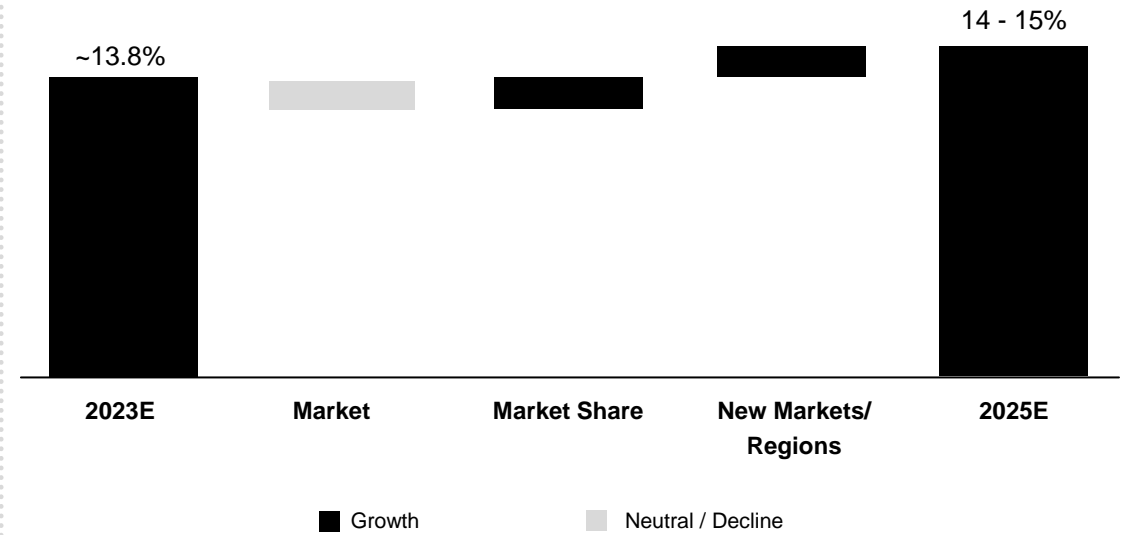
# Sustainable Growth and Margin Profile

## Revenue Outlook



- Secure leadership in alternative fuel technologies
  - Bring all products to all markets
  - Capitalize on profitable share opportunities

## Adj. EBITDA Margin<sup>(1)</sup> Outlook

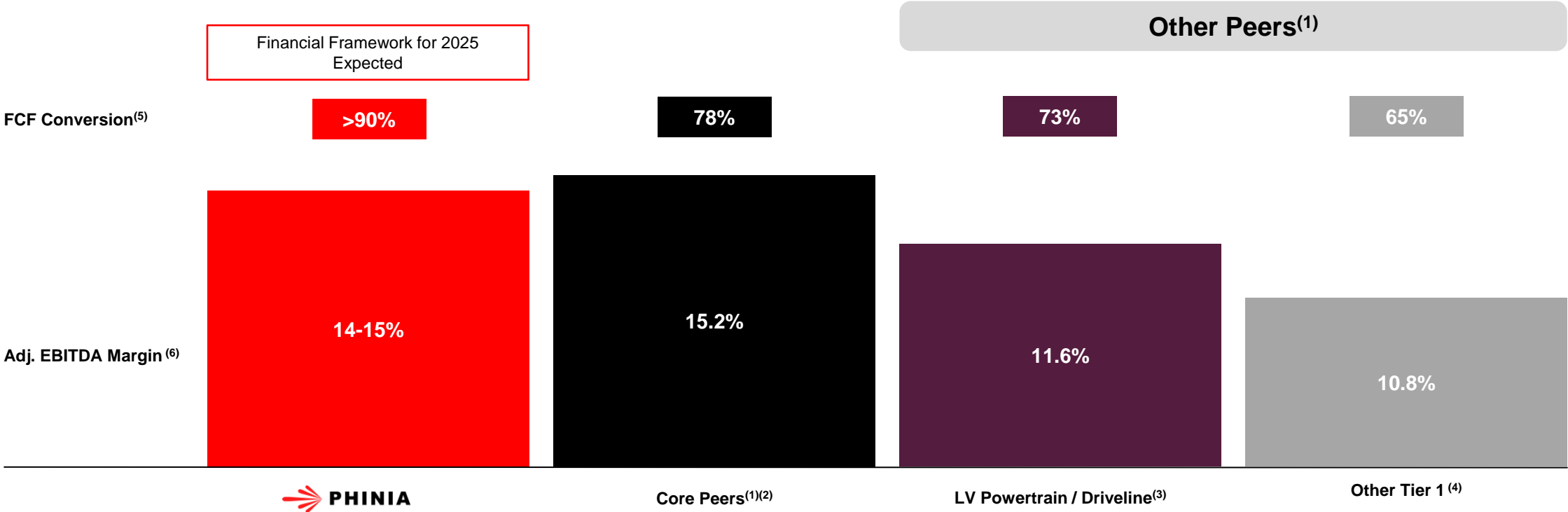


- Flat R&D expense
- Continued productivity and footprint improvements
- Operational excellence

(1) Non-GAAP metric. See Appendix p. 68 for Adj. EBITDA definition.

# High Quality Industrial Financial Profile

## Outstanding Margin and Cash Flow Conversion



(1) Reflects peer group medians based on 2023E consensus estimates.

(2) Reflects Allison, Cummins, Donaldson, Modine and Oshkosh.

(3) Reflects American Axle, Dana, Dowlais, Garrett Motion, Schaeffler, TI Fluid Systems and Vitesco.

(4) Reflects Aptiv, Autoliv, Continental, Denso, Lear, Magna, Valeo and Visteon.

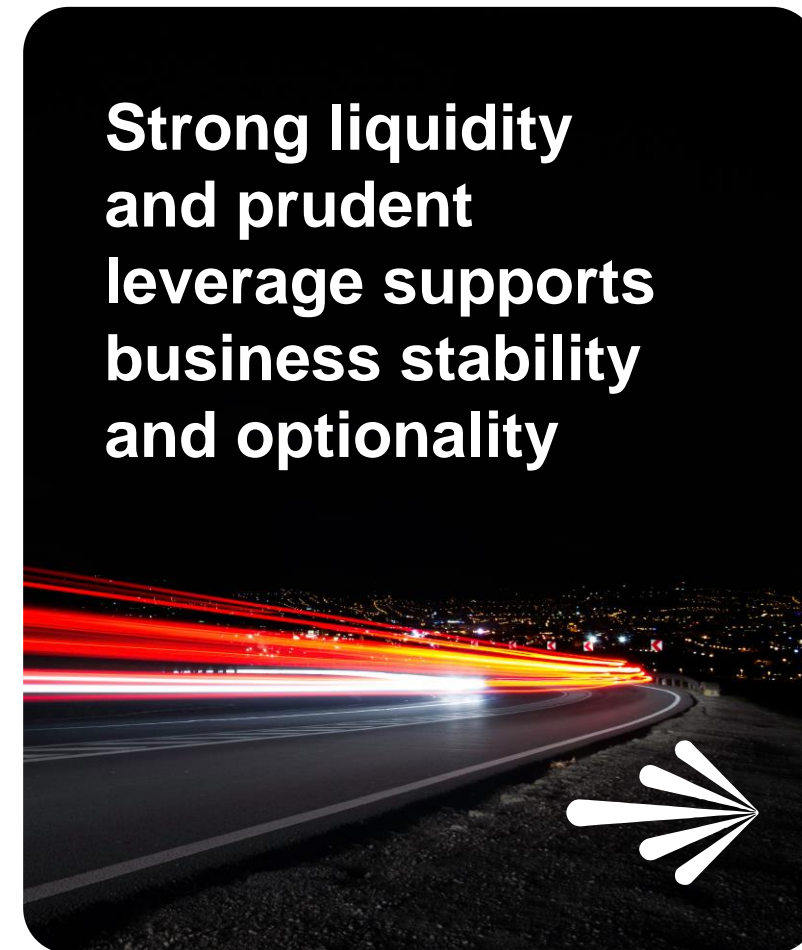
(5) Non-GAAP metric defined as (Cash Flow from Operations – Capex) / Adj. Net Earnings. See Appendix p. 69 and 70 for Net Earnings and FCF definitions.

(6) Non-GAAP metric. See Appendix p. 68 for Adj. EBITDA and Adj. EBITDA Margin definitions.

# Strong Balance Sheet and Liquidity

	\$mm	
Term Loan A (5Y)	300	Long maturity runway
Term Loan B (7Y)	500	
<b>Secured Debt</b>	<b>800</b>	
Other Debt	24	
<b>Total Debt</b>	<b>824</b>	
Cash	(300)	
<b>Net Debt</b>	<b>524</b>	
Total Debt / Adj. EBITDA <sup>(1)</sup> (LTM)	1.5x	Conservative leverage profile
Net Debt / Adj. EBITDA <sup>(1)</sup> (LTM)	1.0x	
<b>Total Liquidity</b>	<b>800</b>	Ample liquidity (incl. \$500mm RCF)
Credit Rating	Ba1 / BB+	Strong credit rating

**Strong liquidity and prudent leverage supports business stability and optionality**



(1) Non-GAAP metric. See Appendix p. 68 for Adj. EBITDA definition. Estimate figures pending final term conditions and cash adjustments

# Disciplined Capital Allocation

>\$200mm Free Cash Flow<sup>(1)</sup> per Year

## Investment for Growth



- ➔ Disciplined, ROIC-focused reinvestment: achieve >15% ROI
- ➔ Expand alternative fuel technologies and electronics systems capabilities
- ➔ Disciplined approach to strategic and accretive M&A

## Competitive Capital Return<sup>(2)</sup>



- ➔ Expect competitive dividend with initial target of ~\$50mm per year, translating to 20-25% of FCF<sup>(1)</sup>
- ➔ Opportunistic share repurchases

## Strong Foundation - Balance Sheet



- ➔ Maintain strong balance sheet and credit ratings to invest through the cycle
- ➔ Target net leverage of 1x

(1) Non-GAAP metric defined as Cash Flow from Operations – Capex. See Appendix p. 70 for FCF definition.

(2) Subject to approval by PHINIA Board of Directors.

# Empowering the Transition to Carbon Neutrality

Market-leading systems and components that drive efficiency today, while powering towards a carbon-free tomorrow



**Product Leadership**

Technology expert and partner of choice for customers



**Stable Growth Strategy**

Pursue attractive growth opportunities in right-to-win categories



**Financially Disciplined**

Sustainable, high-quality margin and cash flow generation to create shareholder value



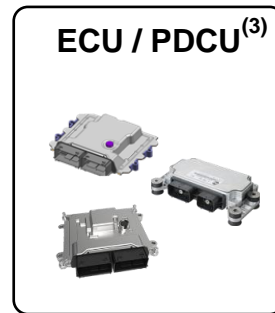
**Total Shareholder Returns**

Disciplined investment for growth and competitive capital returns while preserving balance sheet

# APPENDIX



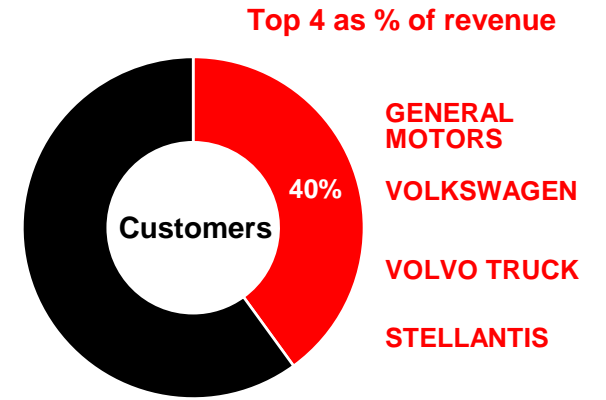
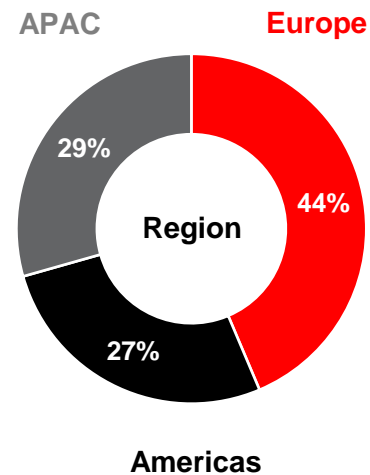
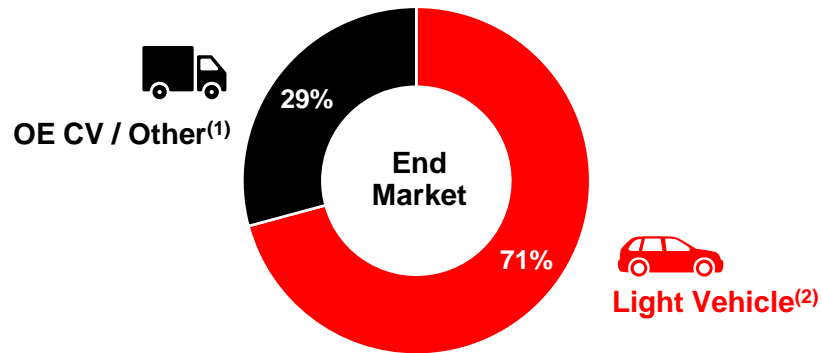
# Fuel Systems' Core Leading Market Position



- Leading provider of comprehensive and integrated fuel system solutions
- Focused on segments where we have product leadership and natural right-to-win
- Significant opportunity to win share over time
- Critical products supporting carbon reduction, carbon neutrality and carbon-free energy generation

**Growing Share in CV & Other Segment with Diesel Products**


**Highly Diversified Geographic and Customer Profile**



(1) Includes medium-duty and heavy-duty trucks, buses and other off-highway construction, marine, agricultural and industrial applications.  
 (2) Includes passenger cars, trucks, vans and sport utility vehicles.  
 (3) ECU Electronic Control Unit - (PDCU) Powertrain Domain Control Unit

# Aftermarket Operational Profile

**Starters & Alternators**



**Test & Diagnostic**



**Fuel Systems**



**Maintenance Solutions**



**Engine Mgmt. Electronics**



- ➔ Broad product coverage
- ➔ Committed to keeping vehicles and industrial applications running efficiently over their lifetime
- ➔ Meaningful revenue from sustainable remanufacturing
- ➔ Multiple replacements over application lifetime

## Product Expertise

**~4.8k**  
new SKU's per year  
(2018-'22)

**21%**  
of '22 revenue from new  
SKU's (last 5 years)

## Global Footprint

**Revenue Split**

<b>64%</b>	<b>31%</b>	<b>5%</b>
Americans	Europe	Asia

**Localized**  
aftermarket infrastructure

## Nimble Supply Chain

**260**  
third-party suppliers

**22k**  
products (re-) sourced (L5Y)

**8**  
distribution centers

## Tailored Marketing

Go-to-market with  
Delphi & Delco Remy

Brand Management (Social  
Media, Trade Shows &  
Training)



# Aftermarket Structure Serving ~4,500 Customers



# Management Team with a Track Record of Success



**Bradly D. Ericson**  
Chief Executive Officer

- ➔ Joined BWA in 2000
- ➔ 30+ years of experience
- ➔ Previously President & GM of Morse Systems and Emissions Systems and Chief Strategy Officer



**Chris Gropp**  
Chief Financial Officer

- ➔ Joined BWA in 2001
- ➔ 30+ years of experience
- ➔ Previously VP, Finance of Transmission Systems and Emissions

- ➔ Deep BorgWarner DNA; building a culture of excellence
- ➔ Highly skilled operators with significant industry experience
- ➔ Expertise with respective businesses
- ➔ Successful execution of restructuring programs
- ➔ Successful maneuvering of business through recent market environment
- ➔ Demonstrated success in acquisitions and integrations across CV / Industrial, Aftermarket, etc.



**Todd Anderson**  
Chief Technology Officer



**Neil Fryer**  
VP and GM, Aftermarket



**Chris Gustanski**  
VP, Operational Excellence



**Mike Coetzee**  
VP and GM, Americas



**Pedro Abreu**  
VP and GM, Asia Pacific



**John Lipinski**  
VP and GM, Europe



**Robert Boyle**  
VP and General Counsel



**Sebastian Dori**  
VP and Chief Procurement Officer



**Matt Logar**  
VP and Chief Information Officer



**Alisa Di Beasi**  
VP and Chief Human Resources Officer

# Strong Board to Drive Shareholder Value



**Rohan S. Weerasinghe**

- Previously served as Corporate Secretary & General Counsel of Citigroup, Inc.
- Previously served as senior partner for the law firm of Shearman & Sterling



**Bradly D. Ericson**

- Previously served as President and General Manager of BorgWarner's Fuel Systems and Aftermarket Business (now PHINIA)
- At BorgWarner has also served as President and General Manager of three different business units and as Chief Strategy Officer



**Samuel R. Chapin**

- Director at CIRCOR, PerkinElmer and O-I Glass
- Formerly Executive Vice Chairman of Global Corporate and Investment Banking at Bank of America
- Senior Advisor to Rockefeller Capital Management

**Expect to announce by end of June**

- Fortune 100 – Chief Diversity Officer
- Automotive Background



**D'aun Norman**

- Previously at E&Y with 16 years of experience as an audit partner specializing in public global automotive and industrial companies
- 30 years of assurance and advisory experience
- Director at Garrett Motion



**Robin Kendrick**

- President and CEO of Accuride Corp
- Served previously in leadership positions at BorgWarner's Turbo Systems and Transmission Systems business
- 10-year career at American Axle in various roles



**Roger J. Wood**

- Most recently served as Co-CEO of Tenneco
- Previously served as Chairman and CEO at Fallbrook Technologies and Dana
- Previously served in a number of leadership positions at BorgWarner

**Balanced Experience Across Auto, Industrials and Business Transformation**

# Adjusted EBITDA Reconciliation

(\$mm)	2021	2022	PF 2022
<b>Operating Income</b>	<b>\$174</b>	<b>\$318</b>	<b>\$285</b>
<b>Operating Margin%</b>	<b>5.4%</b>	<b>9.5%</b>	<b>8.3%</b>
<b>1</b> (+) Merger, Acquisition and Divestiture Expense	7	31	31
<b>2</b> (+) Restructuring Expense	55	11	11
<b>3</b> (+) Asset Impairments, Write-offs and Lease Modifications	17	5	5
(+) Intangible Asset Amortization	29	28	28
(+) Other	--	2	2
<b>Adjusted Operating Income</b>	<b>\$282</b>	<b>\$395</b>	<b>\$362</b>
<b>Adjusted Operating Margin%</b>	<b>8.7%</b>	<b>11.8%</b>	<b>10.5%</b>
(+) Depreciation	175	142	142
<b>Adjusted EBITDA</b>	<b>\$457</b>	<b>\$537</b>	<b>\$504</b>
<b>Adjusted EBITDA Margin%</b>	<b>13.7%</b>	<b>15.6%</b>	<b>14.6%</b>

## Key Adjustments

- 1** Add-back of non-recurring M&A expenses primarily related to professional fees associated with the Spin-Off and the Delphi acquisition
- 2** Add-back of non-recurring restructuring expenses:
  - 2022 expenses primarily relate to equipment relocation and professional fees
  - 2021 expenses relate to Delphi's legacy restructuring plan to reshape and realign its global technical center footprint and reduce salaried and contract staff
- 3** 2021 relates to the impairment of an Aftermarket tradename and a right-of-use lease asset in China. 2022 relates to the impairment of intangible assets associated with the wind down of the Company's business in Russia

# Adjusted Net Earnings Reconciliation

(\$mm)	2021	2022	PF 2022
<b>Net Earnings (Loss) Attributable to PHINIA (Per Form 10)</b>	<b>\$152</b>	<b>\$262</b>	<b>\$186</b>
1 (+) Merger, Acquisition and Divestiture Expense	7	31	31
2 (+) Restructuring Expense	53	9	9
3 (+) Asset Impairments, Write-offs and Lease Modifications	13	5	5
(+) Intangible Asset Amortization	(23)	(11)	(11)
(+) Other	--	1	1
<b>Adjusted Net Earnings</b>	<b>\$202</b>	<b>\$297</b>	<b>\$221</b>

## Key Adjustments

- 1 Add-back of non-recurring M&A expenses primarily related to professional fees associated with the Spin-Off and the Delphi acquisition
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# Free Cash Flow Reconciliation

(\$mm)

2021

2022

**Net Cash (Used In) Provided By Operating Activities**

**\$147**

**\$303**

(-) Capital Expenditures, Including Tooling Outlays

146

107

**Free Cash Flow**

**\$1**

**\$196**