



Q1 2024 EARNINGS

April 25, 2024



Forward-Looking Statements

This presentation This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements other than historical fact that provide current expectations or forecasts of future events based on certain assumptions and are not guarantees of future performance. Forward-looking statements use words such as “anticipate,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “likely,” “may,” “outlook,” “plan,” “potential,” “predict,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “will,” “would,” or other words of similar meaning.

Forward-looking statements are subject to risks, uncertainties, and factors relating to our business and operations, all of which are difficult to predict and which could cause our actual results to differ materially from the expectations expressed in or implied by such forward-looking statements. Risks, uncertainties, and factors that could cause actual results to differ materially from those implied by these forward-looking statements include, but are not limited to: adverse changes in general business and economic conditions, including recessions, adverse market conditions or downturns impacting the vehicle and industrial equipment industries; our ability to deliver new products, services and technologies in response to changing consumer preferences, increased regulation of greenhouse gas emissions, and acceleration of the market for electric vehicles; competitive industry conditions; failure to identify, consummate, effectively integrate or realize the expected benefits from acquisitions or partnerships; pricing pressures from original equipment manufacturers (OEMs); inflation rates and volatility in the costs of commodities used in the production of our products; changes in U.S. administrative policy, including changes to existing trade agreements and any resulting changes in international trade relations; our ability to protect our intellectual property; failure of or disruption in our information technology infrastructure, including a disruption related to cybersecurity; our ability to identify, attract, retain and develop a qualified global workforce; difficulties launching new vehicle programs; failure to achieve the anticipated savings and benefits from restructuring and product portfolio optimization actions; extraordinary events (including natural disasters or extreme weather events), political disruptions, terrorist attacks, pandemics or other public health crises, and acts of war; risks related to our international operations; the impact of economic, political, and market conditions on our business in China; our reliance on a limited number of OEM customers; supply chain disruptions; work stoppages, production shutdowns and similar events or conditions; governmental investigations and related proceedings regarding vehicle emissions standards, including the ongoing investigation into diesel defeat devices; current and future environmental and health and safety laws and regulations; the impact of climate change and regulations related to climate change; liabilities related to product warranties, litigation and other claims; compliance with legislation, regulations, and policies, investigations and legal proceedings, and new interpretations of existing rules and regulations; tax audits and changes in tax laws or tax rates taken by taxing authorities; volatility in the credit market environment; impairment charges on goodwill and indefinite-lived intangible assets; the impact of changes in interest rates and asset returns on our pension funding obligations; the impact of restrictive covenants and requirements in the agreements governing our indebtedness on our financial and operating flexibility; our ability to achieve some or all of the benefits that we expect to achieve from the spin-off; other risks relating to the spin-off, including a delay or inability to transition key infrastructure, services and solutions, a determination that the spin-off does not qualify as tax-free for U.S. federal income tax purposes, restrictions under the Tax Matters Agreement, and our or BorgWarner Inc.’s failure to perform under various transaction agreements; and other risks and uncertainties described in our reports filed from time to time with the Securities and Exchange Commission.

We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP Financial Measures

This presentation contains information about PHINIA’s financial results that is not presented in accordance with accounting principles generally accepted in the United States (GAAP). Such non-GAAP financial measures are reconciled to their most directly comparable GAAP financial measures in the Appendix. The reconciliations include all information reasonably available to the company at the date of this presentation and the adjustments that management can reasonably predict. Management believes that these non-GAAP financial measures are useful to management, investors, and banking institutions in their analysis of the Company’s business and operating performance. Management also uses this information for operational planning and decision-making purposes.

Non-GAAP financial measures are not and should not be considered a substitute for any GAAP measure. Additionally, because not all companies use identical calculations, the non-GAAP financial measures as presented by PHINIA may not be comparable to similarly titled measures reported by other companies. A reconciliation of each of projected Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Free Cash Flow, which are forward-looking non-GAAP financial measures, to the most directly comparable GAAP financial measure, is not provided because the Company is unable to provide such reconciliation without unreasonable effort. The inability to provide each reconciliation is due to the unpredictability of the amounts and timing of events affecting the items we exclude from the non-GAAP measure.

Vision For Long-term Value Creation



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

First Quarter 2024 Highlights

\$846M

Adjusted Sales

\$131M

Adjusted EBITDA

15.5%

Adjusted EBITDA margin

13.6%

Total segment adjusted operating margin

Rapid Progress

On exiting TSAs and CMAs -
Closer to being fully separated

Strong Balance Sheet

- \$325M Cash on-hand
- Net leverage of <1x
- >\$700M of Liquidity

\$1.08

Adjusted diluted EPS per share

\$13M

Adj. free cash flow

\$35M

Returned to shareholders via dividends and share repurchases.

Adjusted Sales, adjusted diluted EPS, adjusted EBITDA, adjusted EBITDA margin, adjusted free cash flow and net leverage are Non-GAAP metrics. See Appendix pgs. 15-18 for definitions and reconciliations to the most directly comparable GAAP measures.

Business Wins

PHINIA is winning new business and retaining existing business across LV and CV / Industrial markets and all regions.

Notable wins in Q1 include:

Retention / Extension

To Supply

Commercial vehicle fuel injectors to global OEM, securing revenue and market share



Retention / Extension

To Supply

GDi fuel systems to a global OEM, supporting the customer's localization plan in South America



Conquest Business

To Supply

GDi fuel systems to a leading OEM for one of its light vehicle platforms in North America



2024 Objectives

- Exit low/no margin CMAs by Q2
- Exit of all TSAs by Q3
- Launch of key new technologies
 - H2 Injector for ICE
 - 500 Bar GDi System
 - Value-based D-Di derived from GDi technology
 - First internally designed and developed ECU
- Deliver on profitability targets
- Generate strong free cash flow
- Return of capital to shareholders and debt optimization



Disciplined Capital Allocation

Expect >\$200M Adjusted Free Cash Flow⁽¹⁾ per Year Average Through End of Decade

Investment for Growth

- Disciplined, ROIC-focused reinvestment
- Growth areas:
 - Alternative fuel technologies
 - Electronic systems
 - CV and Industrial
 - Aftermarket
- Strategic and accretive M&A



Competitive Capital Return ⁽²⁾

- Expect to maintain competitive dividend of ~\$1.00/year
- Opportunistic share repurchases
 - \$150M authorization
 - Life-to-date \$47M / 1.6M shares repurchased



Strong Foundation - Balance Sheet

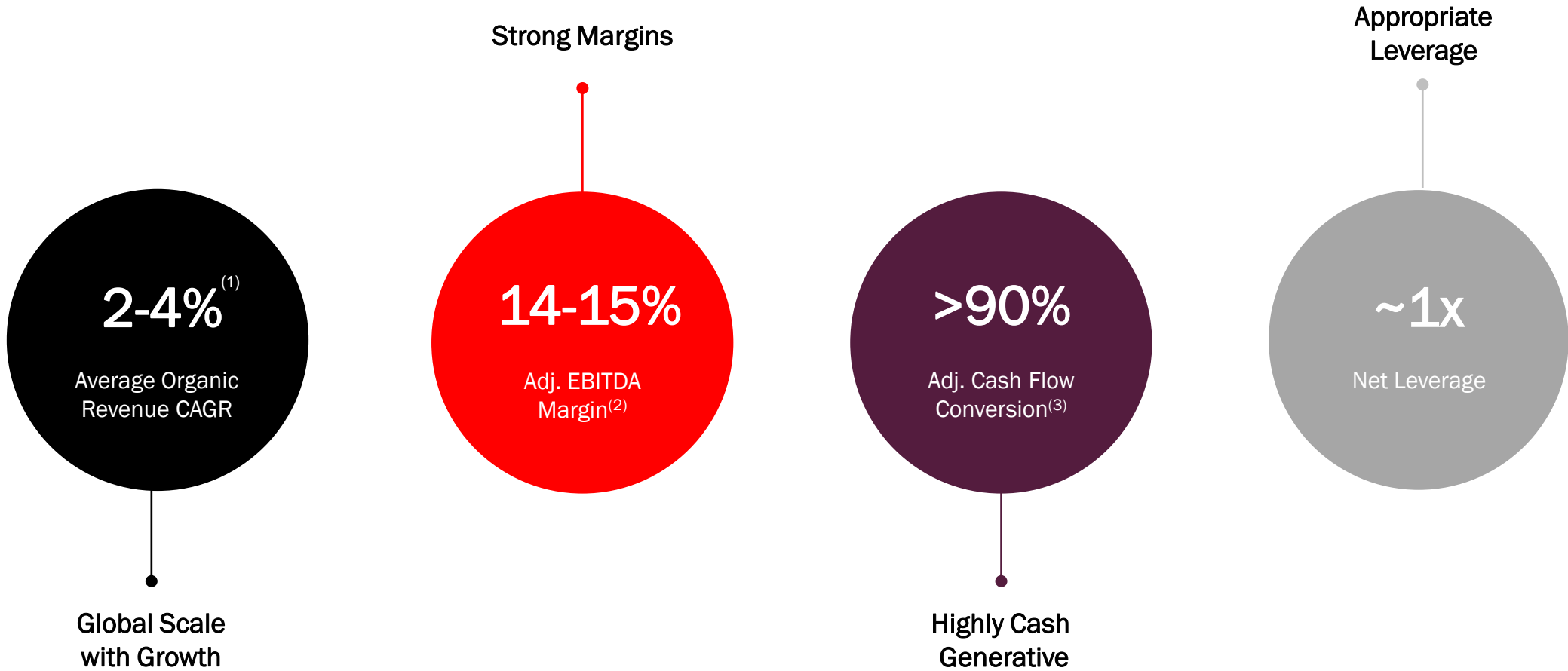
- Strong balance sheet
- Net leverage of 1x
- Robust liquidity levels



(1) Forward-looking non-GAAP measure. See Appendix p. 17 for definition and more information.

(2) Dividends subject to approval by PHINIA Board of Directors

Expected Consistent Performance Through The Decade



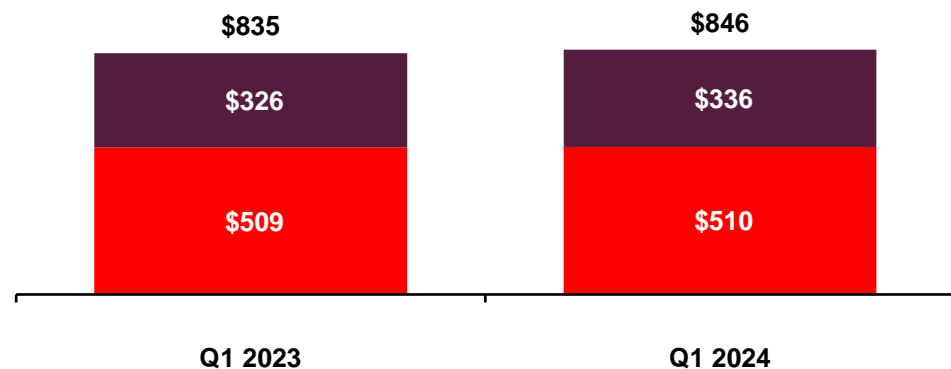
(1) Does not include Contract Manufacturing Revenue to BorgWarner – Phased out by end of 2024; Organic Growth

(2) Forward-looking non-GAAP metric. See Appendix p. 15 for Adj. EBITDA and Adj. EBITDA Margin definition and more information.

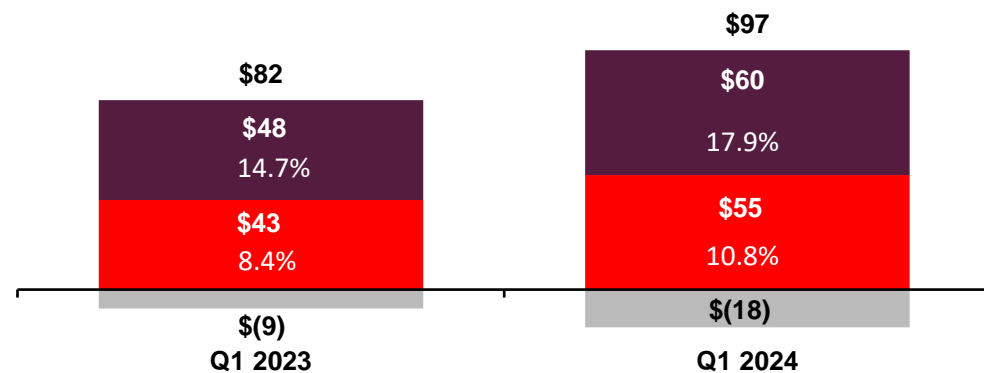
(3) Forward-looking non-GAAP metric. See Appendix p. 17 for definition and more information.

First Quarter Financial Performance

Adjusted Sales ⁽¹⁾ (\$mm)



Adjusted Operating Income ⁽¹⁾ (\$mm)



■ Fuel Systems ■ Aftermarket ■ Corporate Costs

Commentary

YoY Adjusted Sales Growth

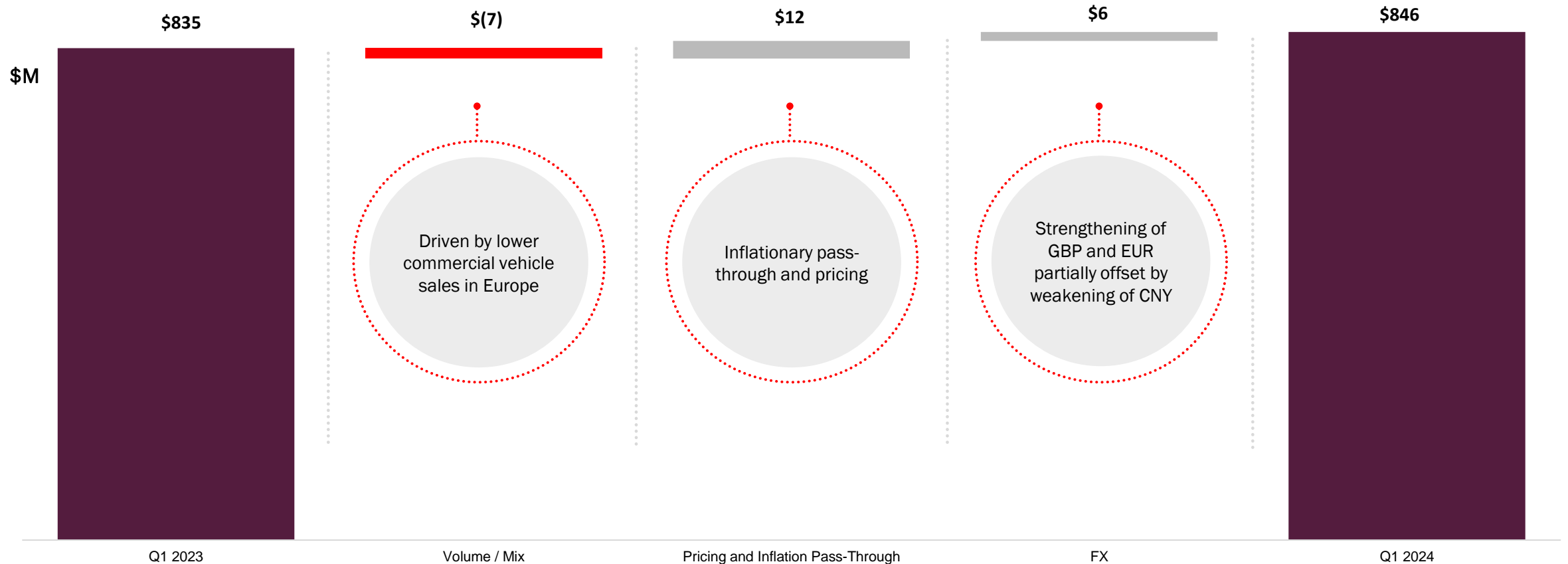
- ➔ Aftermarket growth primarily driven by noncontractual commercial negotiations, contractual commodity pass-through as well as foreign currencies
- ➔ Fuel Systems performance driven by lower commercial vehicle sales in Europe offset by favorable inflationary pass-through

YoY Adjusted Operating Income

- ➔ Aftermarket increase driven by favorable noncontractual commercial negotiations, favorable contractual commodity pass-through and favorable product mix
- ➔ Fuel Systems increase primarily due to supplier cost savings and settlement as well as favorable inflationary pass-through

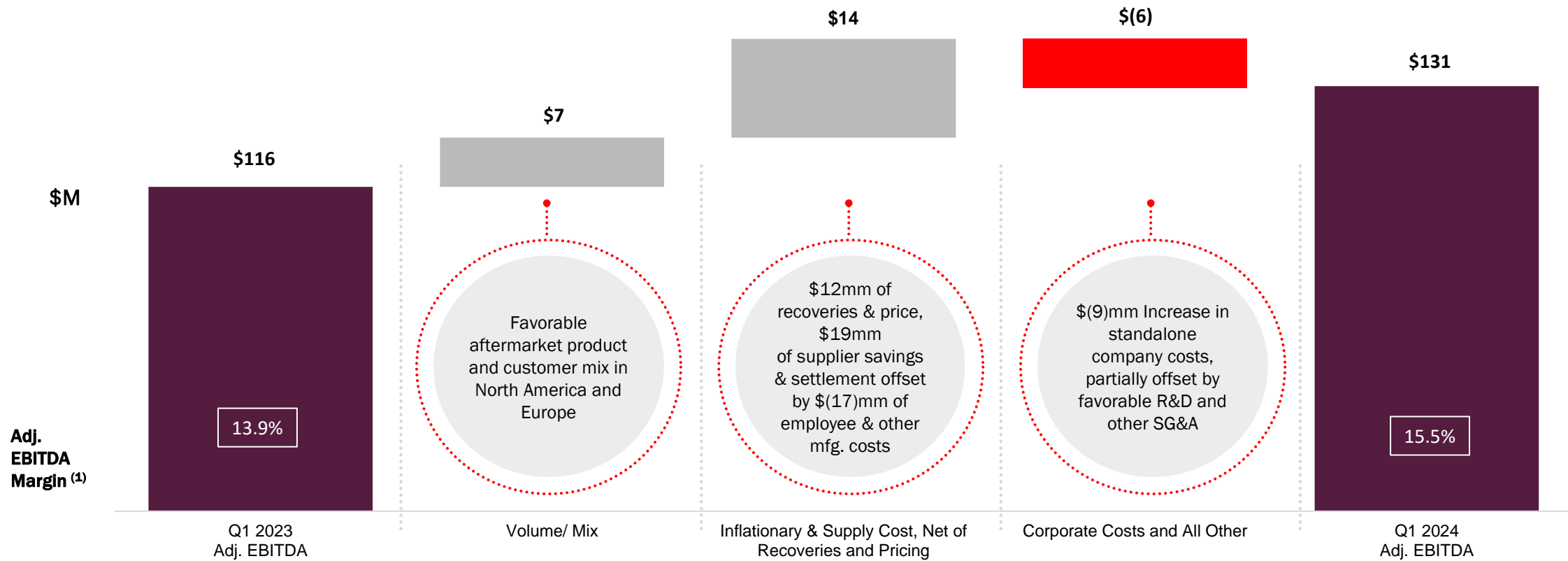
(1) Non-GAAP metric. See Appendix pgs. 16-17 for Adj. Sales, Adj. Operating Income and Adj. Operating Income Margin definitions and reconciliations to the most directly comparable GAAP measures.

Q1 2024 Adjusted Sales⁽¹⁾



(1) Non-GAAP metric. See Appendix p. 17 for definition and reconciliation to the most directly comparable GAAP measure.

Q1 2024 Adjusted EBITDA⁽¹⁾



(1) Non-GAAP metric. See Appendix p. 15 for definition and reconciliation to the most directly comparable GAAP measure.

Full Year 2024 Outlook Confirmed

Metric	FY 2024 Outlook*
Adj. Sales ⁽¹⁾	\$3,400 – \$3,550M
Adj. EBITDA ⁽¹⁾	\$470 – \$510M
Adj. EBITDA Margin ⁽¹⁾	13.8 – 14.4%
Adj. Free Cash Flow ⁽¹⁾⁽²⁾	\$160 – \$200M
Adj. Tax Rate ⁽³⁾	28 – 32%

(1) Non-GAAP metric. See Appendix pgs. 15-18 for definitions and reconciliations to the most directly comparable GAAP measures.

(2) Capex is expected to be approximately 4% of Adj. Sales.

(3) Adj. Tax Rate excludes the tax effect of adjusted items and tax amounts not reflective of the Company's ongoing operations.

*2024 key currency assumptions: USDGBP 1.27; USDEUR 1.08; CNYUSD 7.17; MXNUSD 17.22; BRLUSD 4.95; INRUSD 83.10



APPENDIX



Historical Quarterly Financial Metrics ⁽¹⁾

	2023					2024
	Q1	Q2	Q3	Q4	FY	Q1
Fuel Systems	\$509	\$551	\$535	\$532	\$2,127	\$510
Aftermarket	326	336	335	326	1,323	336
Adjusted Sales	\$835	\$887	\$870	\$858	\$3,450	\$846
Fuel Systems	43	62	55	55	215	55
<i>Margin %</i>	8.4%	11.3%	10.3%	10.3%	10.1%	10.8%
Aftermarket	48	49	46	53	196	60
<i>Margin %</i>	14.7%	14.6%	13.6%	16.3%	14.8%	17.9%
Segment Adj. Operating Income	\$91	\$111	\$101	\$108	\$411	\$115
<i>Margin %</i>	10.9%	12.5%	11.6%	12.6%	11.9%	13.6%
Corporate Costs	(9)	(17)	(19)	(19)	(64)	(18)
Adj. Operating Income	\$82	\$94	\$82	\$89	\$347	\$97
<i>Margin %</i>	9.8%	10.6%	9.4%	10.4%	10.1%	11.5%
Depreciation Expense	34	36	35	38	143	34
Adj. EBITDA	\$116	\$130	\$117	\$127	\$490	\$131
<i>Margin %</i>	13.9%	14.7%	13.4%	14.8%	14.2%	15.5%

(1) Includes non-GAAP metrics. See Appendix pgs. 15-18 for definitions and reconciliations to the most directly comparable GAAP measures.

Adjusted EBITDA and Margin Reconciliation to US GAAP

The Company defines adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) as net earnings less interest, taxes, depreciation and amortization, adjusted to exclude the impact of restructuring expense, separation and transaction expense, other postretirement income and expense, equity in affiliates' earnings, net of tax, impairment charges, other net expenses, and other gains and losses not reflective of our ongoing operations. Adjusted EBITDA margin is defined as adjusted EBITDA divided by adjusted sales.

\$ in millions	2023					2024
	Q1	Q2	Q3	Q4	FY	Q1
Net earnings (loss)	\$ 35	\$ 35	\$ (1)	\$ 33	\$ 102	\$ 29
Depreciation and tooling amortization	34	36	35	38	143	34
Provision for income taxes	23	21	31	29	104	27
Intangible asset amortization expense	7	7	7	7	28	7
Interest expense, net	3	4	18	18	43	18
EBITDA	102	103	90	125	420	115
Separation and transaction expense (income)	18	41	25	(4)	80	17
Restructuring expense	4	2	4	2	12	2
Royalty income from Former Parent	(5)	(12)	—	—	(17)	—
Equity in affiliates' earnings, net of tax	(3)	(3)	(2)	(2)	(10)	(3)
Other postretirement (income) expense	—	(1)	—	3	2	—
Other non-comparable items	—	—	—	3	3	—
Adjusted EBITDA	\$ 116	\$ 130	\$ 117	\$ 127	\$ 490	\$ 131
Adjusted sales	\$ 835	\$ 887	\$ 870	\$ 858	\$ 3,450	\$ 846
Adjusted EBITDA margin %	13.9 %	14.7 %	13.4 %	14.8 %	14.2 %	15.5 %

Adjusted Operating Income and Margin Reconciliation to US GAAP

The Company defines adjusted operating income as operating income adjusted to exclude the impact of restructuring expense, separation and transaction expense, intangible asset amortization expense, impairment charges, other net expenses, and other gains and losses not reflective of the Company's ongoing operations. Adjusted operating margin is defined as adjusted operating income divided by adjusted sales.

\$ in millions	2023					2024
	Q1	Q2	Q3	Q4	FY	Q1
Operating income	\$ 58	\$ 56	\$ 46	\$ 81	\$ 241	\$ 71
Separation and transaction expense (income)	18	41	25	(4)	80	17
Intangible asset amortization expense	7	7	7	7	28	7
Restructuring expense	4	2	4	2	12	2
Royalty income from Former Parent	(5)	(12)	—	—	(17)	—
Other non-comparable items	—	—	—	3	3	—
Adjusted operating income	\$ 82	\$ 94	\$ 82	\$ 89	\$ 347	\$ 97
Net sales	\$ 835	\$ 887	\$ 896	\$ 882	\$ 3,500	\$ 863
Operating margin %	6.9 %	6.3 %	5.1 %	9.2 %	6.9 %	8.2 %
Adjusted sales	\$ 835	\$ 887	\$ 870	\$ 858	\$ 3,450	\$ 846
Adjusted operating margin %	9.8 %	10.6 %	9.4 %	10.4 %	10.1 %	11.5 %

Adjusted Sales Reconciliation to US GAAP

The Company defines adjusted sales as net sales adjusted to exclude certain agreements with BorgWarner that were entered into in connection with the spin-off.

\$ in millions	2023					2024
	Q1	Q2	Q3	Q4	FY	Q1
Fuel Systems net sales	\$ 509	\$ 551	\$ 561	\$ 556	\$ 2,177	\$ 527
Spin-off agreement adjustment	—	—	(26)	(24)	(50)	(17)
Fuel system adjusted sales	509	551	535	532	2,127	510
Aftermarket net sales	326	336	335	326	1,323	336
Adjusted sales	\$ 835	\$ 887	\$ 870	\$ 858	\$ 3,450	\$ 846

Adjusted Free Cash Flow Reconciliation to US GAAP

The Company defines adjusted free cash flow as net cash provided by operating activities after adding back adjustments related to the ongoing effects of separation-related transactions, less capital expenditures, including tooling outlays.

\$ in millions	Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 31	\$ (33)
Capital expenditures, including tooling outlays	(43)	(38)
Effects of separation-related transactions	25	19
Adjusted free cash flow	\$ 13	\$ (52)

Adjusted Net Earnings per Diluted Share Reconciliation to US GAAP

The Company defines adjusted net earnings per diluted share as net earnings per share adjusted to exclude the tax-effected impact of restructuring expense, separation and transaction expense, intangible asset amortization, impairment charges, other net expenses, and other gains, losses and tax amounts not reflective of the Company's ongoing operations.

	Three Months Ended March 31,	
	2024	2023
Net earnings per diluted share	\$ 0.62	\$ 0.75
Separation and transaction expense	0.34	0.38
Intangible asset amortization	0.13	0.15
Restructuring expense	0.03	0.06
Royalty income from Former Parent	—	(0.11)
Tax adjustments	(0.04)	(0.04)
Adjusted net earnings per diluted share	\$ 1.08	\$ 1.19

Adjusted Sales Reconciliation to US GAAP - Guidance

The Company defines adjusted sales as net sales adjusted to exclude certain contract manufacturing agreements with BorgWarner that were entered into in connection with the spin-off.

\$ in millions	Full Year 2024 Guidance	
	Low	High
Net sales	\$ 3,420	\$ 3,575
Spin-off agreement adjustment	(20)	(25)
Adjusted sales	\$ 3,400	\$ 3,550