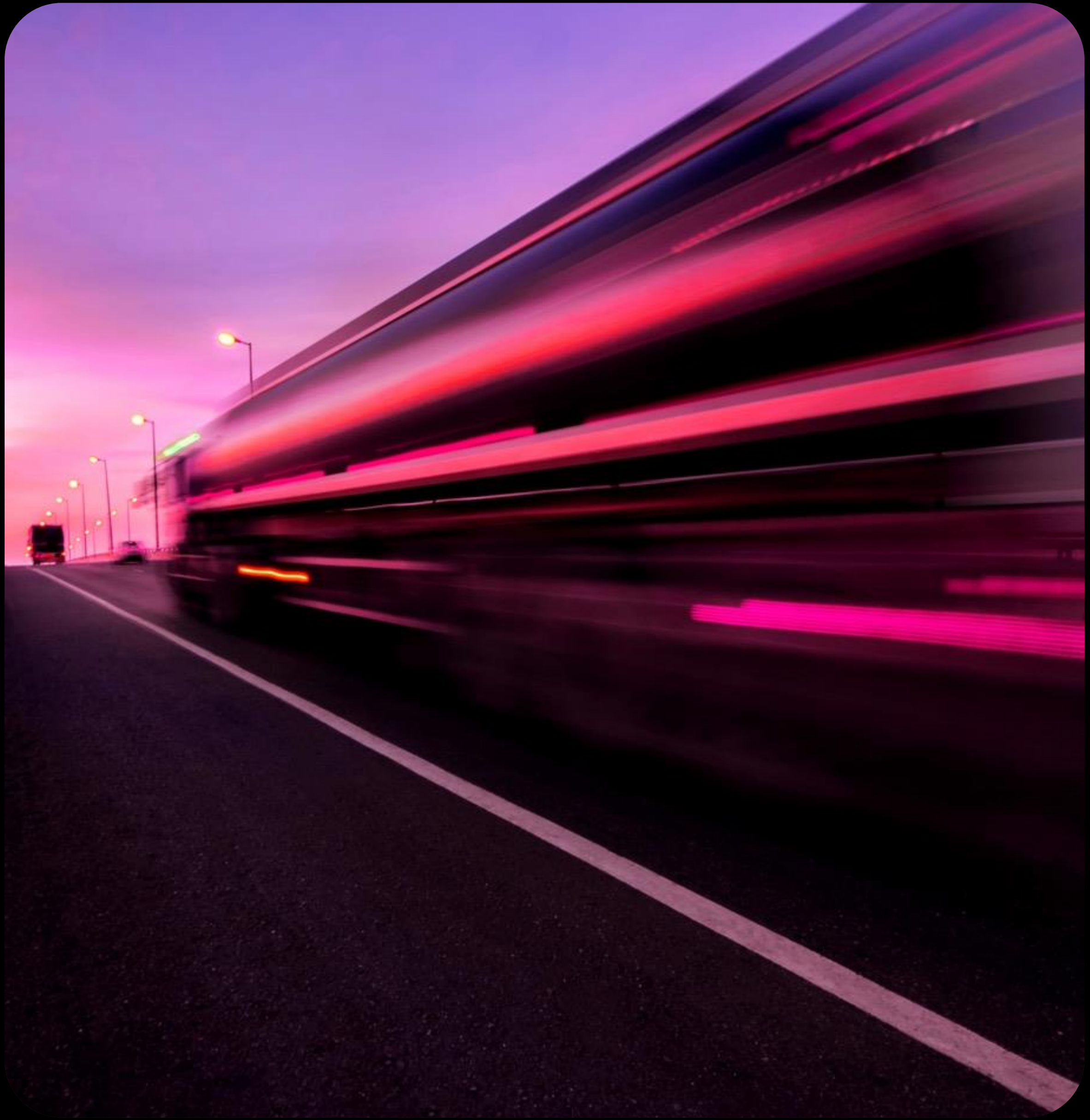
PHINIA

# Q2 2023 EARNINGS



August 7, 2023

# Forward-Looking Statements

This presentation contains 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  are intended to identify such forward-looking statements. Further, all statements, other than historical statements, 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 are forward-looking statements. Accounting estimates, such as those described in our Information Statement furnished with the Company's Registration Statement on Form 10-12B/A filed with the Securities and Exchange Commission ("SEC") on June 9, 2023, 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.

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 not guarantees of performance and 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 include: the ability of PHINIA to succeed as a standalone publicly traded company and its expected financial performance; 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; 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; commodities availability and pricing; competitive challenges from existing and new competitors; challenges associated with rapidly-changing technologies; 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; future changes in laws and regulations; and these and other risks more fully described in reports that we file with the SEC. 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 in events, conditions, circumstances, or assumptions underlying the statements.

# 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 provision of these comparable GAAP financial measures for 2023 is not intended to indicate that PHINIA is explicitly or implicitly providing projections on those GAAP financial measures, and actual results for such measures are likely to vary from those presented. 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 and Adjusted EBITDA Margin, 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.

# DAY 1 GLOBAL CELEBRATIONS






# 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

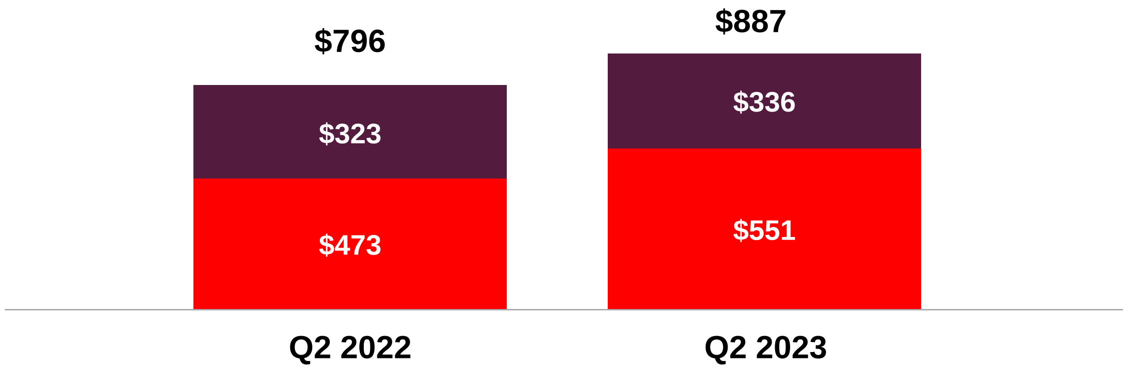
| Investment For Growth | Competitive Capital Return |
| --- | --- |
| ROIC-focused reinvestment | Competitive dividend (1) |
| Disciplined acquisitions | Opportunistic share repurchases (1) |

**Strong Foundation – Balance Sheet**

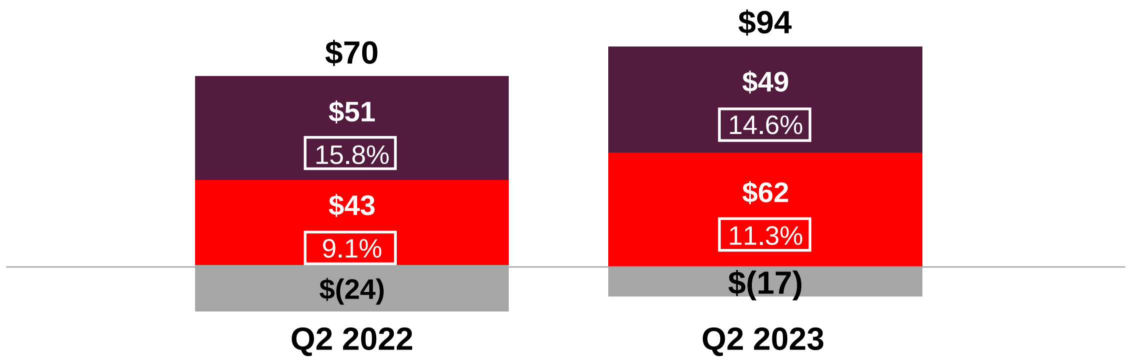
(1) Subject to PHINIA Board Approval

# SECOND QUARTER FINANCIAL PERFORMANCE

## Sales ($mm)




## Adjusted Operating Income [1] ($mm)




| AOI Margin % [1] | 8.8% | 10.6% |
|---|---|---|

Fuel Systems  Aftermarket  Corporate Costs

## Commentary

### YoY Sales Growth

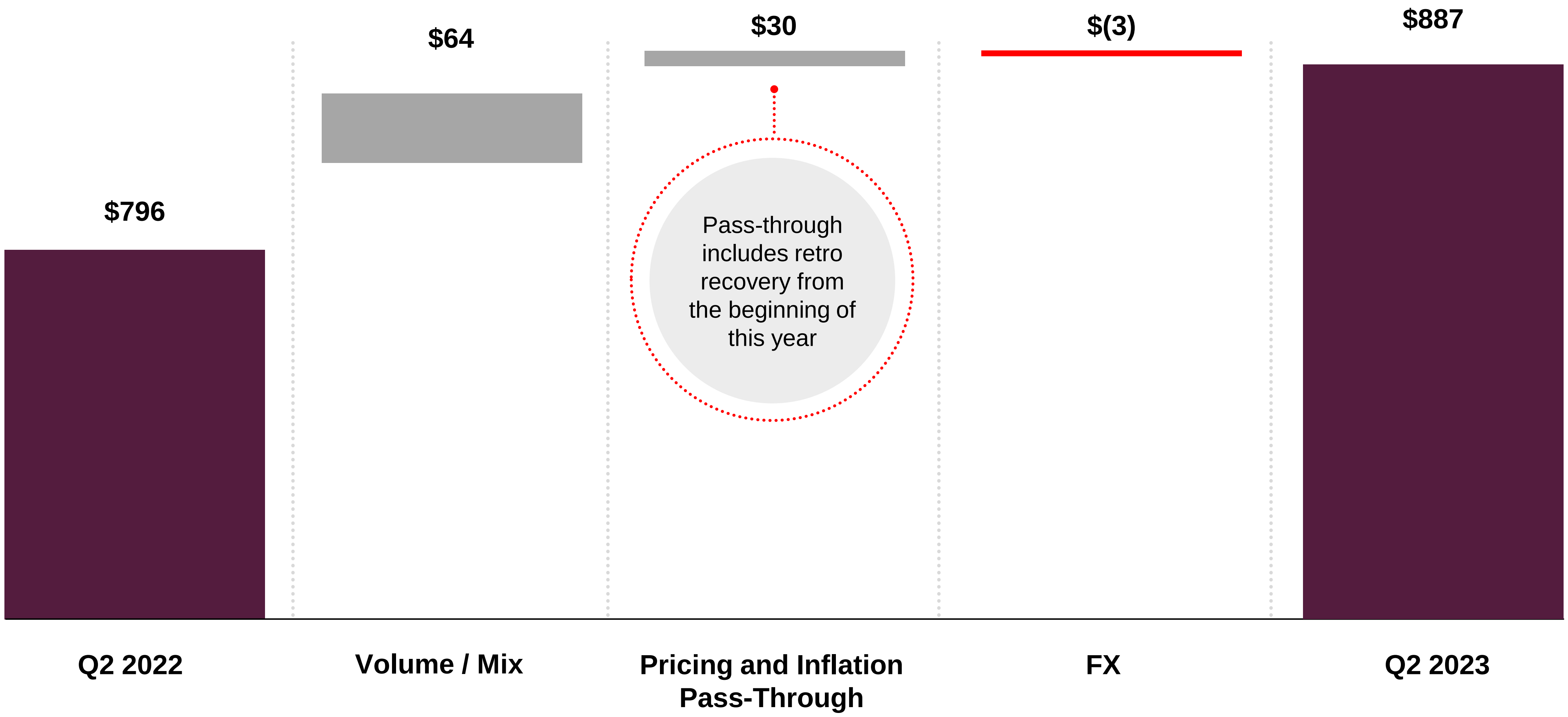
- Fuel Systems growth driven by higher demand and customer recoveries
- Aftermarket growth driven by higher demand and increased pricing
- Volume accounted for ~8% year-over-year growth. ~4% year-over-year growth due to inflationary recoveries and pricing

### YoY Adjusted Operating Income Growth

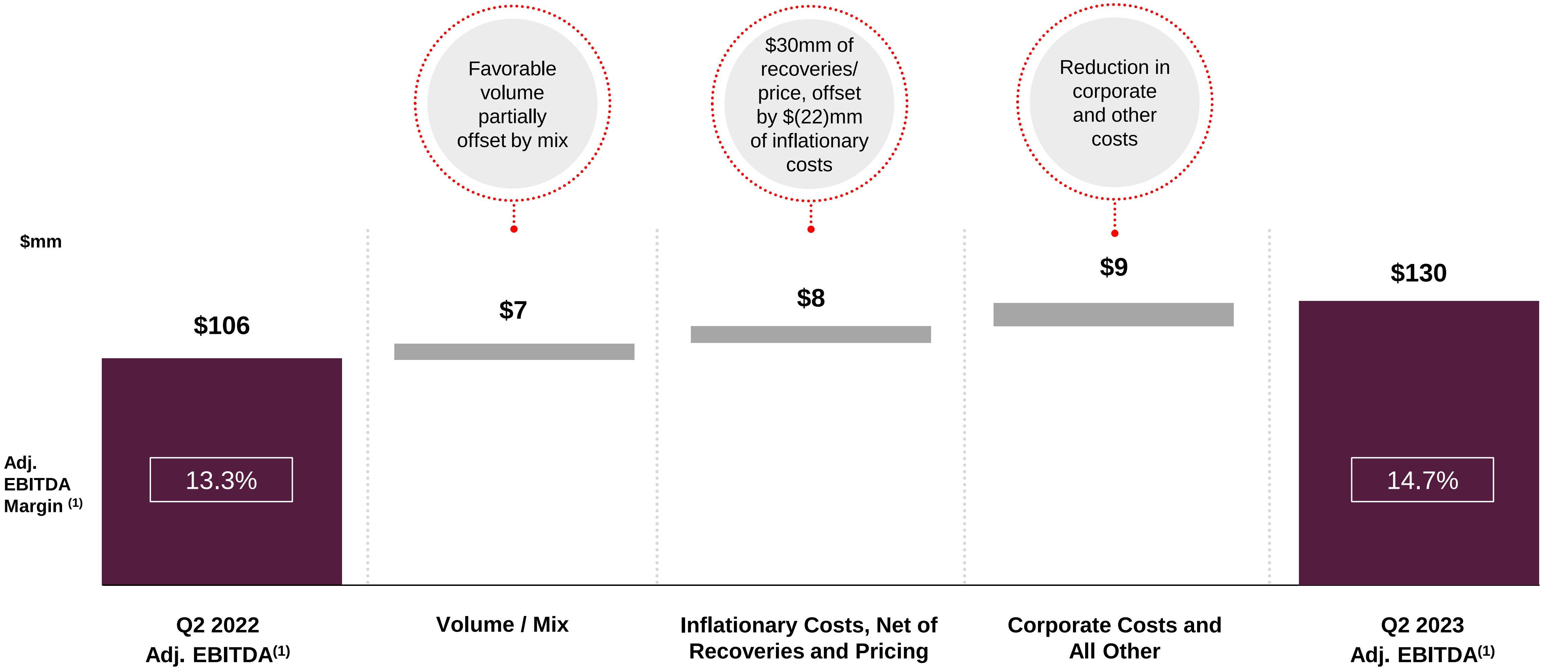
- Fuel Systems increase primarily due to higher Sales and the benefit of customer pricing actions, net of inflation and other supplier-related costs
- Aftermarket increase was primarily due to customer pricing initiatives offset by unfavorable product mix

(1) Non-GAAP metric. See Appendix p. 14 for Adj. Operating Income and Adj. Operating Income Margin definitions.

# Q2 2023 SALES



# Q2 2023 Adj. EBITDA




(1) Non-GAAP metric. See Appendix p. 13 for Adj. EBITDA and Adj. EBITDA Margin definitions.

# REITERATING 2023 FULL YEAR OUTLOOK, EXCLUDING CMA

- No change to our outlook from Investor Day. Guidance now excludes temporary negligible margin contract manufacturing Sales
- YoY Sales increase of ~2%, in addition to ~2 % 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 |
|---|---|
| Adj. Sales(1) | $3,450 - $3,550mm |
| Adj. EBITDA(2)(3) | $485 - $505mm |
| Adj. EBITDA Margin(2)(3) | 13.8 - 14.3% |
| Capex | $140 - 160mm |
| Tax Rate | 27% |

(1) Non-GAAP metric. See Appendix p. 15 for Adj. Sales definition.
(2) Adj. EBITDA includes $60 – $70mm of corporate costs for 2023.
(3) Non-GAAP metric. See Appendix p. 13 for Adj. EBITDA and Adj. EBITDA Margin definitions.

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# DEBT AND LIQUIDITY AT SPIN

| Credit Agreement – 5-Year Maturity [3] | $mm |
|---|---|
| $500M Revolving Credit Facility SOFR + 250 b.p. | 75 |
| Term Loan A SOFR + 250 b.p. | 300 |
| Term Loan B SOFR + 400 b.p. | 425 |
| Secured Debt | 800 |
| Other Debt | 24 |
| **Total Debt** | **824** |
| Cash[2] | ~(300) |
| **Net Debt** | **524** |
| Total Debt / Adj. EBITDA[1] (TTM) | 1.6x |
| Net Debt / Adj. EBITDA[1] (TTM) | 1.0x |
| **Total Liquidity (Cash & Undrawn RCF)** | **725** |
| Credit Rating | Ba1/BB+ |

Conservative leverage profile

Strong credit rating

**(1) (1) Non-GAAP metric. See Appendix p. 13 for Adj. EBITDA definition. Estimated figures pending final term conditions and cash adjustments.**
**(2) (2) Cash subject to adjustments per separation agreement with BorgWarner.**
**(3) (3) Key financial covenants - Net leverage </= 3.0x EBITDA. Interest Coverage >/= 3.0x EBITDA.**

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# APPENDIX

# HISTORICAL QUARTERLY FINANCIAL METRICS

$mm

| | 2022 | | | | | 2023 | |
|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 |
| Fuel Systems | $538 | $473 | $534 | $527 | $2,072 | $509 | $551 |
| Aftermarket | 304 | 323 | 325 | 324 | 1,276 | 326 | 336 |
| **Sales** | **$842** | **$796** | **$859** | **$851** | **$3,348** | **$835** | **$887** |
| Fuel Systems | 66 | 43 | 84 | 59 | 252 | 43 | 62 |
| *Margin %* | *12.3%* | *9.1%* | *15.7%* | *11.2%* | *12.2%* | *8.4%* | *11.3%* |
| Aftermarket | 38 | 51 | 48 | 54 | 191 | 48 | 49 |
| *Margin %* | *12.5%* | *15.8%* | *14.8%* | *16.7%* | *15.0%* | *14.7%* | *14.6%* |
| **Segment Adj. Operating Income** | **$104** | **$94** | **$132** | **$113** | **$443** | **$91** | **$111** |
| *Margin %* | *12.4%* | *11.8%* | *15.4%* | *13.3%* | *13.2%* | *10.9%* | *12.5%* |
| Corporate Costs (inc. reversal of royalty income) | (20) | (24) | (17) | (18) | (79) | (9) | (17) |
| **Adj. Operating Income(1)** | **$84** | **$70** | **$115** | **$95** | **$364** | **$82** | **$94** |
| *Margin %* | *10.0%* | *8.8%* | *13.4%* | *11.2%* | *10.9%* | *9.8%* | *10.6%* |
| Depreciation Expense | 37 | 36 | 36 | 33 | 142 | 34 | 36 |
| **Adj. EBITDA(1)** | **$121** | **$106** | **$151** | **$128** | **$506** | **$116** | **$130** |
| *Margin %* | *14.4%* | *13.3%* | *17.6%* | *15.0%* | *15.1%* | *13.9%* | *14.7%* |

(1) **(1) Non-GAAP metric. See Appendix pgs. 13 - 14 for Adj. EBITDA, Adj. EBITDA Margin, Adj. Operating Income and Adj. Operating Income Margin definitions.**

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# ADJUSTED EBITDA & 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, merger, acquisition and divestiture expense, other postretirement income, 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 net sales.

| | 2022 | | | | | 2023 | |
|---|---|---|---|---|---|---|---|
| | **Q1** | **Q2** | **Q3** | **Q4** | **FY** | **Q1** | **Q2** |
| **Net earnings** | **$57** | **$41** | **$89** | **$75** | **$262** | **$35** | **$35** |
| Depreciation and tooling amortization | 37 | 36 | 36 | 33 | 142 | 34 | 36 |
| **Provision for income taxes** | **21** | **13** | **32** | **19** | **85** | **23** | **21** |
| Intangible asset amortization expense | 7 | 7 | 7 | 7 | 28 | 7 | 7 |
| **Interest expense, net** | **4** | **4** | **3** | **3** | **14** | **3** | **4** |
| **EBITDA** | 126 | 101 | 167 | 137 | 531 | 102 | 103 |
| **Merger, acquisition and divestiture expense, net** | **10** | **12** | **5** | **4** | **31** | **18** | **41** |
| Restructuring expense | 2 | 3 | 3 | 3 | 11 | 4 | 2 |
| **Royalty income from BorgWarner** | **(7)** | **(6)** | **(9)** | **(9)** | **(31)** | **(5)** | **(12)** |
| Equity in affiliates' earnings, net of tax | (2) | (1) | (5) | (3) | (11) | (3) | (3) |
| **Other postretirement income** | **(9)** | **(8)** | **(8)** | **(7)** | **(32)** | **—** | **(1)** |
| Other | 1 | 5 | (2) | 3 | 7 | — | — |
| **Adjusted EBITDA** | **$121** | **$106** | **$151** | **$128** | **$506** | **$116** | **$130** |
| | | | | | | | |
| **Net Sales** | **$842** | **$796** | **$859** | **$851** | **$3,348** | **$835** | **$887** |
| Adjusted EBITDA margin % | 14.4 % | 13.3 % | 17.6 % | 15.0 % | 15.1 % | 13.9 % | 14.7% |



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# ADJUSTED OPERATING INCOME & MARGIN RECONCILIATION TO US GAAP

The Company defines adjusted operating income as operating income adjusted to exclude the impact of restructuring expense, merger, acquisition and divestiture 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 net sales.

| | 2022 | | | | | 2023 | |
|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 |
| **Operating income** | **$71** | **$49** | **$111** | **$87** | **$318** | **$58** | **$56** |
| Merger, acquisition and divestiture expense, net | 10 | 12 | 5 | 4 | 31 | 18 | 41 |
| **Intangible asset amortization expense** | **7** | **7** | **7** | **7** | **28** | **7** | **7** |
| Restructuring expense | 2 | 3 | 3 | 3 | 11 | 4 | 2 |
| **Royalty income from BorgWarner** | **(7)** | **(6)** | **(9)** | **(9)** | **(31)** | **(5)** | **(12)** |
| Other | 1 | 5 | (2) | 1 | 5 | — | — |
| **Adjusted operating income** | **$84** | **$70** | **$115** | **$93** | **$362** | **$82** | **$94** |
| | | | | | | | |
| **Net Sales** | **$842** | **$796** | **$859** | **$851** | **$3,348** | **$835** | **$887** |
| Operating margin % | 8.4% | 6.2% | 12.9% | 10.2% | 9.5% | 6.9% | 6.3% |
| **Adjusted operating margin %** | **10.0%** | **8.8%** | **13.4%** | **10.9%** | **10.8%** | **9.8%** | **10.6%** |

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# ADJUSTED SALES RECONCILIATION TO US GAAP

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

| | Full Year 2023 Guidance | |
|---|---|---|
| | **Low** | **High** |
| **Sales** | **$3,495** | **$3,600** |
| Post Spin-Off agreement adjustment | 45 | 50 |
| **Adjusted sales** | **$3,450** | **$3,550** |