



VERTIV™

Fourth Quarter and Full Year 2021 Results

February 23, 2022

Architects of Continuity™

VRT
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NYSE

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These risk factors and those identified elsewhere in this presentation, among others, could cause actual results to differ materially from historical performance and include, but are not limited to: competition; the ability of the Company to grow and manage growth profitably; maintain relationships with customers and suppliers; retain its management and key employees; factors relating to the business, operations and financial performance of Vertiv and its subsidiaries, including: global economic weakness, uncertainty and volatility; risks relating to the continued growth of Vertiv's customers' markets; failure to meet or anticipate technology changes; the unpredictability of Vertiv's future operational results, including the ability to grow and manage growth profitably; disruption of Vertiv's customers' orders or Vertiv's customers' markets; less favorable contractual terms with large customers; risks associated with governmental contracts; failure to mitigate risks associated with long-term fixed price contracts; risks associated with information technology disruption or security; risks associated with the implementation and enhancement of information systems; failure to properly manage Vertiv's supply chain or difficulties with third-party manufacturers; competition in the infrastructure technologies industry; failure to realize the expected benefit from any rationalization and improvement efforts; disruption of, or changes in, Vertiv's independent sales representatives, distributors and original equipment manufacturers; failure to obtain performance and other guarantees from financial institutions; failure to realize sales expected from Vertiv's backlog of orders and contracts; changes to tax law and the costs and liabilities associated with such changes and any tax audits that may arise; risks associated with future legislation and regulation of Vertiv's customers' markets both in the United States and abroad; costs or liabilities associated with product liability; Vertiv's ability to attract, train and retain key members of its leadership team and other qualified personnel; the adequacy of Vertiv's insurance coverage; a failure to benefit from future acquisitions; failure to realize the value of goodwill and intangible assets; the global scope of Vertiv's operations; risks associated with Vertiv's sales and operations in emerging markets; exposure to fluctuations in foreign currency exchange rates; Vertiv's ability to comply with various laws and regulations, including but not limited to, laws and regulations relating to environmental, data protection, data privacy, anti-corruption and international trade and the costs associated with legal compliance; adverse outcomes to any legal claims and proceedings filed by or against us; Vertiv's ability to protect or enforce its proprietary rights on which its business depends; third-party intellectual property infringement claims; liabilities associated with environmental, health and safety matters, including risks associated with the COVID-19 pandemic; risks associated with litigation or claims against Vertiv; Vertiv's limited history of operating as an independent company; potential net losses in future periods; failure to remediate internal controls over financial reporting; our ability to realize cost savings in connection with our restructuring program; Vertiv's level of indebtedness and the ability to incur additional indebtedness; Vertiv's ability to comply with the covenants and restrictions contained in our credit agreements including restrictive covenants that restrict operational flexibility; Vertiv's ability to comply with the covenants and restrictions contained in our credit agreements is not fully within our control; Vertiv's ability to access funding through capital markets; the significant ownership and influence certain stockholders have; risks associated with Vertiv's obligations to pay portions of the tax benefits relating to pre-Business Combination tax assets and attributes; resales of Vertiv's securities may cause volatility in the market price of our securities; Vertiv's Organizational Documents contain provisions that may discourage unsolicited takeover proposals; Vertiv's Certificate of Incorporation includes a forum selection clause, which could discourage or limit stockholders' ability to make a claim against it; the ability of Vertiv's subsidiaries to pay dividends; volatility in Vertiv's stock price due to various market and operational factors; Vertiv's ability to maintain its listing on the NYSE and comply with listing requirements; risks associated with the failure of industry analysts to provide coverage of Vertiv's business or securities, and other risks and uncertainties indicated in Vertiv's SEC reports or documents filed or to be filed with the SEC by Vertiv.

This presentation also includes certain non-GAAP financial measures, such as organic net sales, adjusted operating profit, adjusted operating profit margin, adjusted EPS and free cash flow, that may not be directly comparable to other similarly titled measures used by other companies and therefore may not be comparable among companies. The Company has provided reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures and our reconciliations on pages 20-24 of this presentation and our current earnings release dated February 23, 2022, which are available on the Company's website at www.vertiv.com. Information reconciling certain forward-looking GAAP measures to non-GAAP measures related to Q1, first half, second half and full year 2022 guidance, including organic net sales growth and free cash flow and certain E&I and Heavy Industrial UPS metrics, is not available without unreasonable effort due to high variability, complexity and uncertainty with respect to forecasting and quantifying certain amounts that are necessary for such reconciliations. For the same reasons, we are unable to compute the probable significance of the unavailable information, which could have a potentially unpredictable, and potentially significant, impact on our future GAAP financial results.

Fourth quarter 2021 key messages

Fourth quarter organic sales up 4% from prior year as supply chain constraints limited customer deliveries. Underlying market demand remains strong with fourth quarter orders up over 50% from last year's fourth quarter.

Fourth quarter adjusted operating profit \$58M lower than last year's fourth quarter driven by \$60M inflation net of pricing. Inflation headwinds accelerated as we progressed through the fourth quarter notably in the Americas.

In 2021 there was a \$135M headwind for material & freight inflation net of pricing. Aggressive pricing actions initiated in 4Q21 and 1Q22 expected to drive \$100M price-cost tailwind in 2022.

Pricing expected to offset year-over-year inflation by 2Q22 and exceed inflation in 3Q22. First half of 2022 remains challenged, but pricing actions lead to a second half adjusted operating profit of ~\$455M (+\$230M vs. 2H21).

Supply chain challenges – notably with electronic parts and fans – remain uncertain, but expected to continue into second half of 2022. Proactive internal actions taken to manage constraints to optimize customer deliveries.

In summary, 2021 was challenging due to slow pricing response to inflation headwinds. Aggressive 4Q21 and 1Q22 pricing actions expected to generate strong second half 2022. We believe Vertiv well positioned for strong 2023.

Demand remains strong • supply environment challenging • pricing actions expected to deliver strong 2H22

2021 review and 2022 outlook

2021 REVIEW

- Demand remained incredibly strong with full year orders +29% leading to a record backlog of \$2.9B (\$3.2B including E&I)
- Part shortages constrained sales volumes and drove higher inventory levels and labor inefficiency
- Inflation ramped up much faster than expected, especially in the Americas
- Took several price actions in 2021 but price realization did not keep pace with inflation due to the large backlog driving a lag between pricing action and price realization
- Completed the acquisition of E&I engineering providing a platform for accretive earnings and accelerated growth
- Continued to invest in new product development with ER&D spending higher by 17%

2022 OUTLOOK

- Demand environment remains strong, but deliveries remain constrained by parts shortages, especially semiconductors and electro-mechanical parts
- Supply chain challenges accelerated in fourth quarter, especially in the Americas. No meaningful improvement expected in 2022
- New production capacity coming online in Americas to support growing Thermal business
- Material and freight costs expected to continue to increase, but incremental pricing actions expected to materially offset 2021 and 2022 inflation by end of 2022
- Pricing realization expected to accelerate throughout 2022 and provides a net price-cost tailwind by third quarter. Profit in first half will remain challenged but will markedly improve in second half as price-cost turns positive.
- Due to pricing actions already initiated, expect to exit 2022 in good position

Market environment

SEGMENT	 AMERICAS		 APAC		 EMEA	
	Oct-21	Feb-22	Oct-21	Feb-22	Oct-21	Feb-22
CLOUD / HYPERSCALE						
COLOCATION						
ENTERPRISE / SMALL & MEDIUM BUSINESS						
COMMUNICATION NETWORKS						
COMMERCIAL & INDUSTRIAL						

Demand in our primary markets remain robust with mid-term visibility becoming clearer

E&I acquisition update

- 2022 financial expectations
 - Sales: ~\$470 million
 - Adjusted operating profit: ~\$80 million
- Expectations lower than prior guidance due to same underlying challenges as Vertiv. Higher than expected inflation, supply constraints and lag of price realization in income statement.
- Pricing actions initiated – to be realized in 2022 as we progress through backlog. Fourth quarter back-on-track. Sets up strong full year 2023.
- Demand remains robust. Backlog continues at record high. Customer interaction better than originally expected. Quote activity and “top-line synergy” orders ahead of expectations.
- 2022 will be challenging year, but with pricing actions long-term value remains unchanged

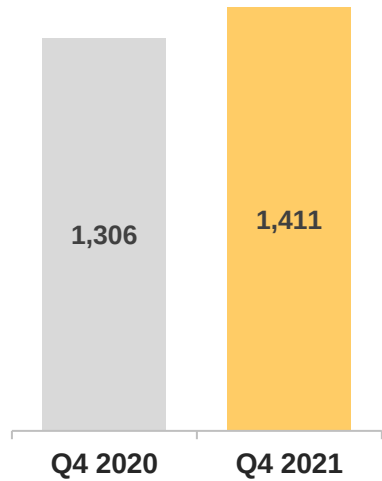
First half 2022 will be challenging for E&I, but strong second half recovery (consistent with base Vertiv) shows that the long-term deal thesis remains intact

Fourth quarter 2021 financial results

\$Millions

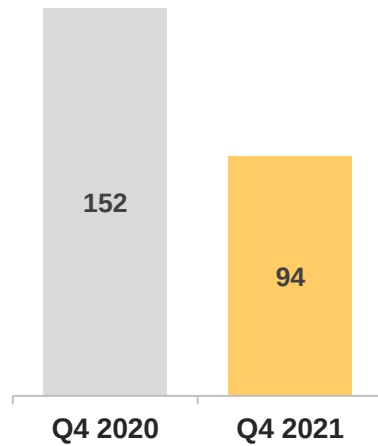
Net Sales

Up 8%
Organic +4%



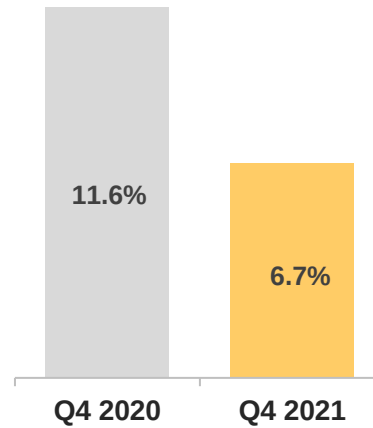
Adj. Operating Profit

Down ~38%



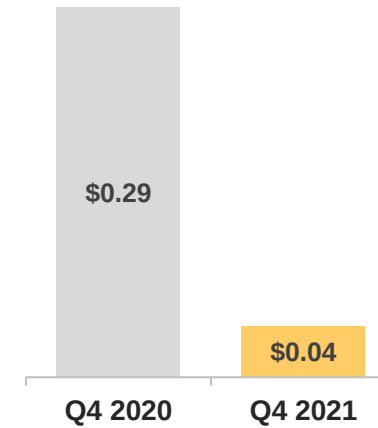
Adj. Operating Margin

Down 490bps



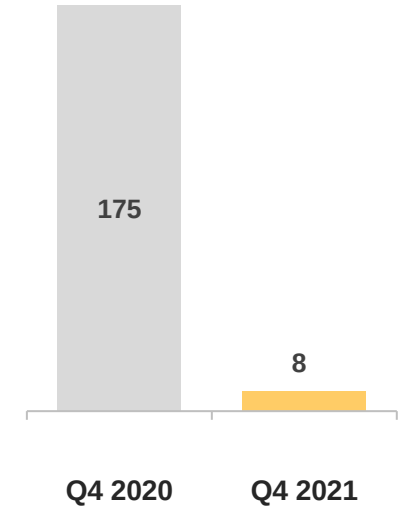
Adjusted EPS

Down (\$0.25)



Free Cash Flow

Down (\$167M)



- + Volume growth of \$23M
- + ~\$28M pricing benefit vs. 4Q 2020
- + \$67M incremental sales from E&I acquisition
- \$13M FX headwind
- + Orders +51% vs. 4Q 2020

- (\$80M) lower contribution margin:
 - + \$10M organic volume growth
 - (\$60M) material and freight inflation partially offset by pricing
 - (\$30M) mix and other (including commissions and labor inflation)
- + Fixed costs \$8M favorable (one-time benefits in 2021 partially offset by ER&D and growth investments)
- + FX benefit of \$6M (\$8M transaction benefit offset by \$2M translation)
- + \$7M acquired adjusted operating profit from E&I

- + \$0.02 FX
- + \$0.02 lower interest expense
- + \$0.01 net impact E&I
- (\$0.17) operational results
- (\$0.10) higher income taxes
- (\$0.02) ER&D/GTM investment

E&I approx. neutral to Q1 EPS

- (\$58M) adjusted operating profit
- (\$31M) trade working capital
- (\$30M) M&A expenses
- (\$30M) other working capital
- (\$9M) capex net of asset sales
- (\$9M) cash taxes and other

Liquidity: \$875M
Net leverage: 4.2x

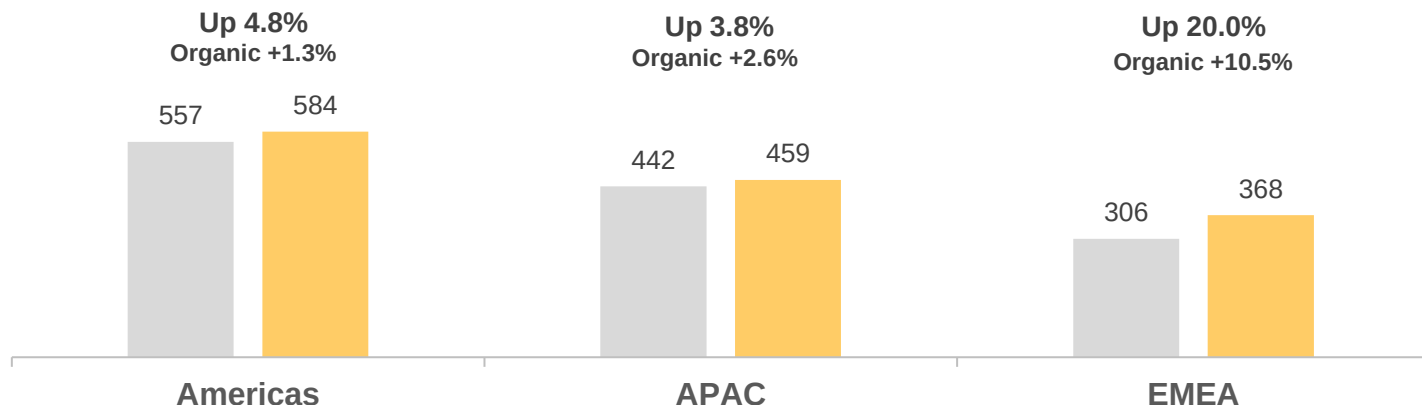


Note: see "Non-GAAP Financial Measures" beginning on Slide 20 of the Appendix. Free cash flow equals cash from operations less net capital expenditures.

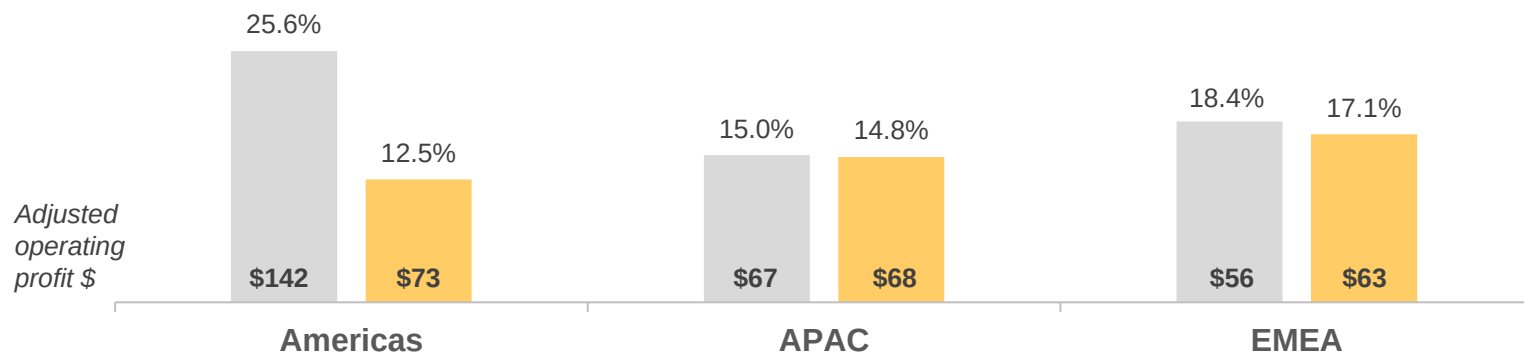
Fourth quarter 2021 segment results

\$Millions

Net sales



Adjusted operating margin



Three months ended Dec 31, 2020 Dec 31, 2021

Americas

- Strong services growth offset by significant supply chain-disruptions for manufactured products. Orders and backlog at record highs. E&I added ~\$21M.
- Operating margins unfavorable due to materials and freight inflation outpacing price realization

APAC

- Strong sales in China and India offset by lower sales of Wind Power (expiration of government subsidies) and Covid lockdowns in Southeast Asia
- Operating margin ~flat as unfavorable mix and supply chain costs offset pricing and fixed costs reductions

EMEA

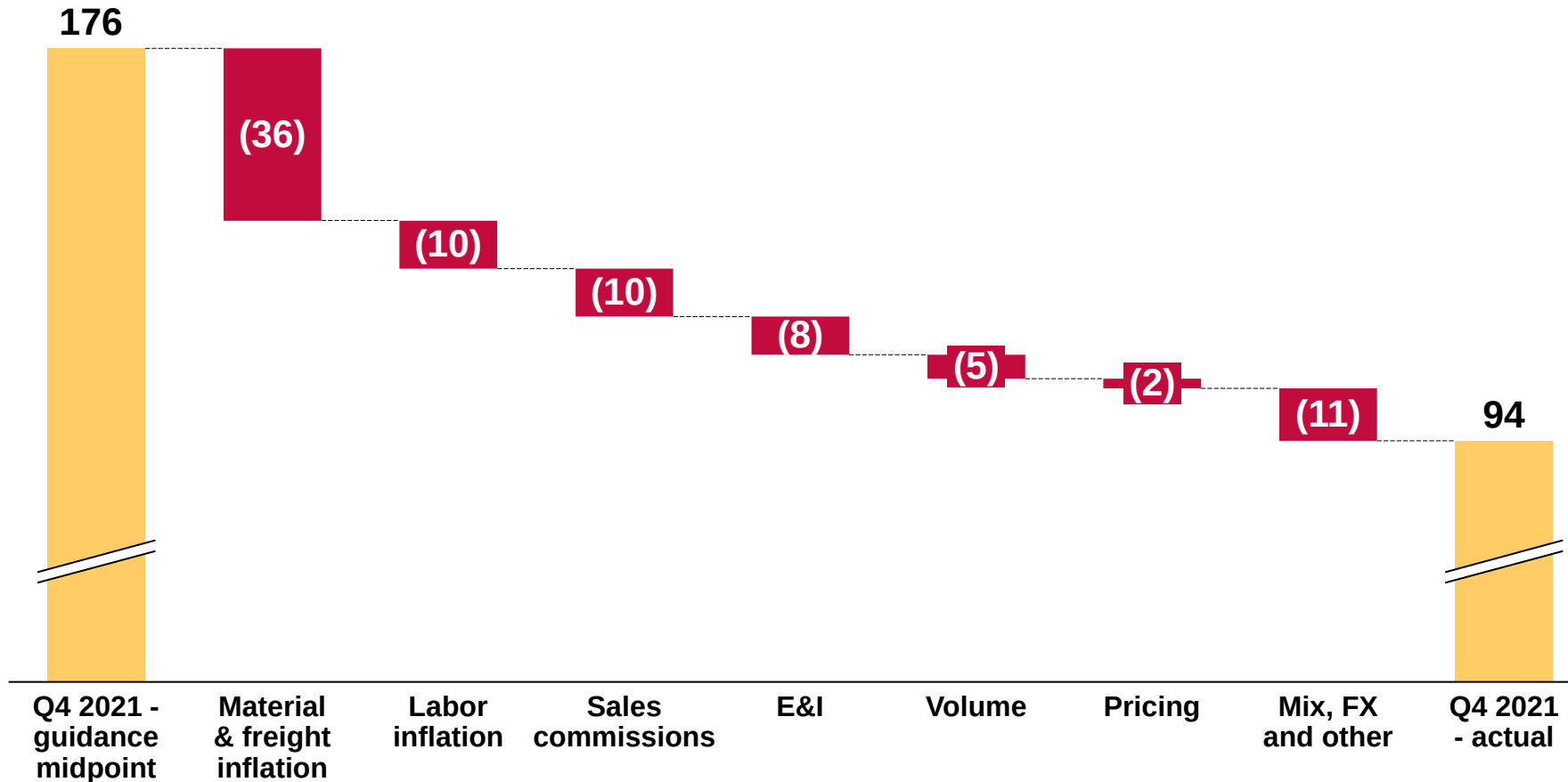
- Sales increase driven by large colocation and telecom providers investing in capacity. E&I added ~\$46M.
- Operating margin reduced as volume leverage and pricing benefits did not fully offset impacts of inflation and supply chain shortages

Corporate

- Corporate fixed costs slightly higher with lower bonus expense partially offsetting incremental R&D and IT project investments
- \$9M benefit from lower FX loss compared to fourth quarter 2020

Fourth quarter 2021 adjusted operating profit vs. guidance

\$Millions



- Inflation accelerated in Q4 including significant spending on spot buys and premium freight to protect customer deliveries
- Labor inflation primarily in Services business (high premium labor usage)
- Sales commission spending higher than planned due to strong order rate
- E&I saw increased costs due to higher inflation
- Actual price realization of \$28M vs. Q4 guidance of \$30M

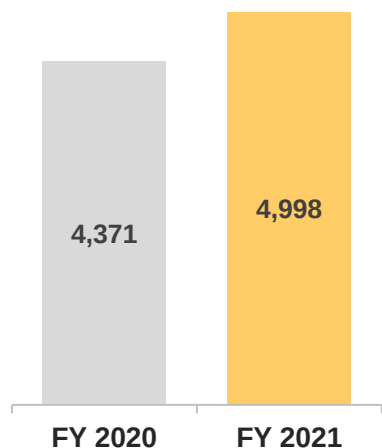
Pricing actions taken to address 4Q challenges drive strong 2H22 recovery to exit 2022 in good position

Full year 2021 financial results

\$Millions

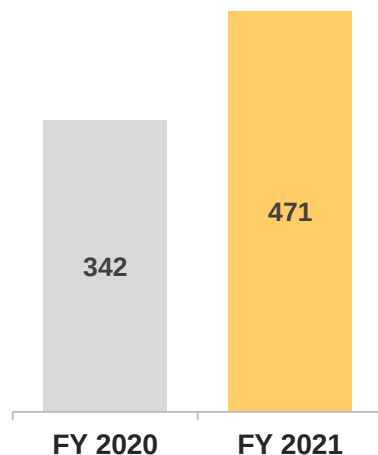
Net Sales

Up 14%
Organic +11%



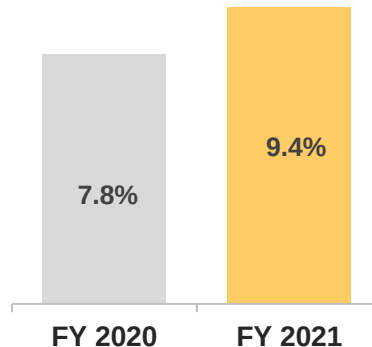
Adj. Operating Profit

Up ~38%



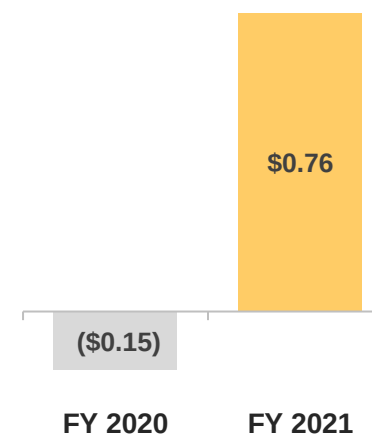
Adj. Operating Margin

Up 160 bps



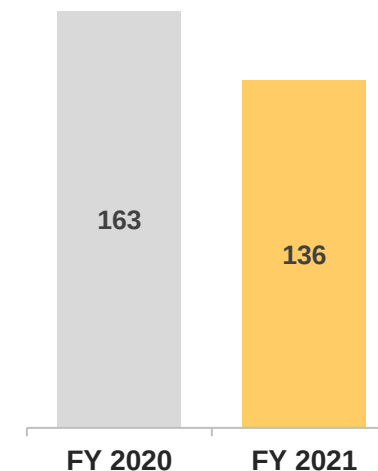
Adjusted EPS

Up \$0.91



Free Cash Flow

Down (\$27M)



- + Volume growth of \$424M
- + ~\$53M pricing benefit vs. FY 2020
- + \$67M incremental sales from E&I acquisition
- + \$83M FX tailwind
- + Orders +29% vs. FY 2020

- + \$167M favorable organic volume impact
- + \$113M 2020 pro-forma adjustments¹
- + \$71M fixed costs reductions, FX, and other
- + \$53M price realization
- + \$7M adjusted operating profit from E&I
- (\$188M) material & freight inflation
- (\$55M) ER&D and growth investment
- (\$40M) one-time COVID savings actions in 2020

- + \$0.79 2020 pro-forma adjustments¹
- + \$0.19 from operations
- + \$0.18 interest, FX and income taxes
- (\$0.14) ER&D/growth investment
- (\$0.11) 2020 COVID actions

No net adjusted EPS from M&A

- + \$92M lower cash interest
- + \$54M working capital and other
- + \$15M higher adj. operating profit vs 2020 pro forma
- \$87M higher inventory build
- \$39M M&A transactions costs
- \$33M higher cash taxes
- \$29M higher net capex

(1) Pro-forma adjustments include \$113M operating profit (\$71M restructuring, \$21M asset impairment and \$21M SPAC transaction costs) and \$284 net income (includes operating profit items and non-operating loss on debt extinguishment of \$174M)



Note: see "Non-GAAP Financial Measures" beginning on Slide 20 of the Appendix. Free cash flow equals cash from operations less net capital expenditures.

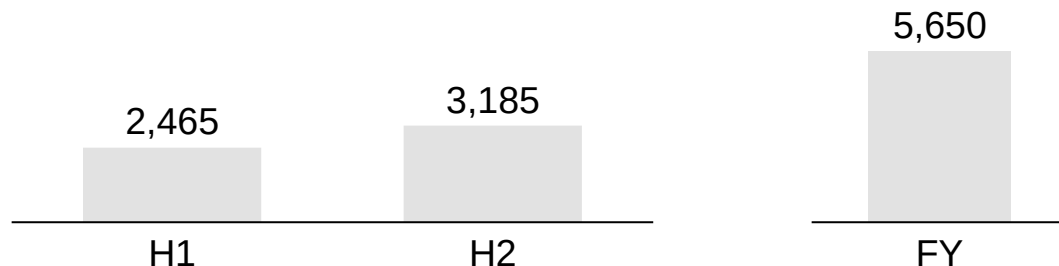
2022 outlook



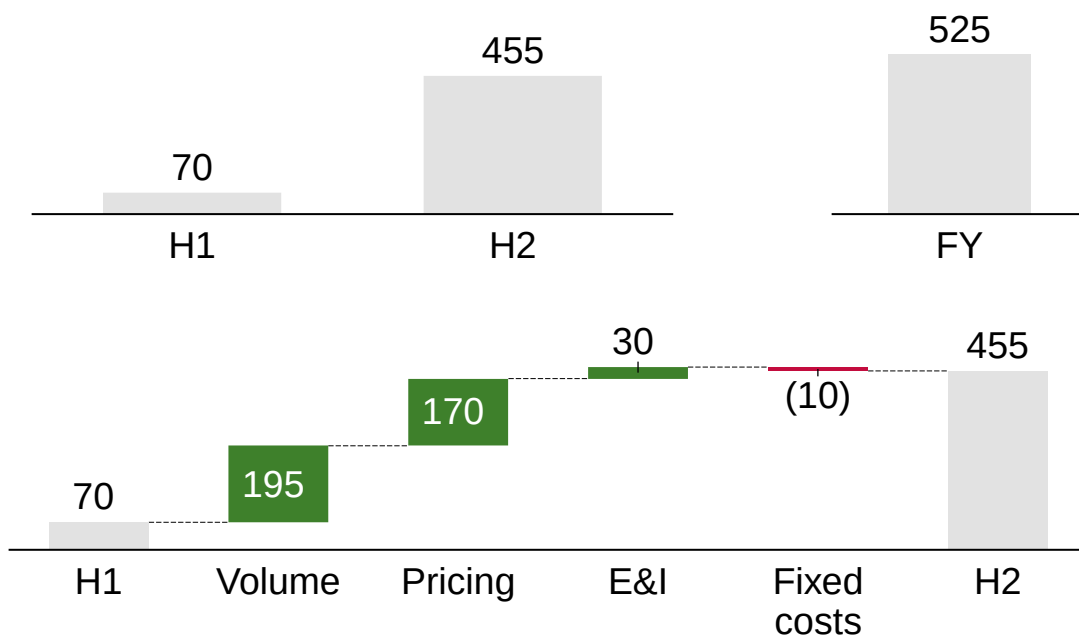
Expectations for 2022

\$Millions – at midpoint of guidance range

Sales



Adjusted OP



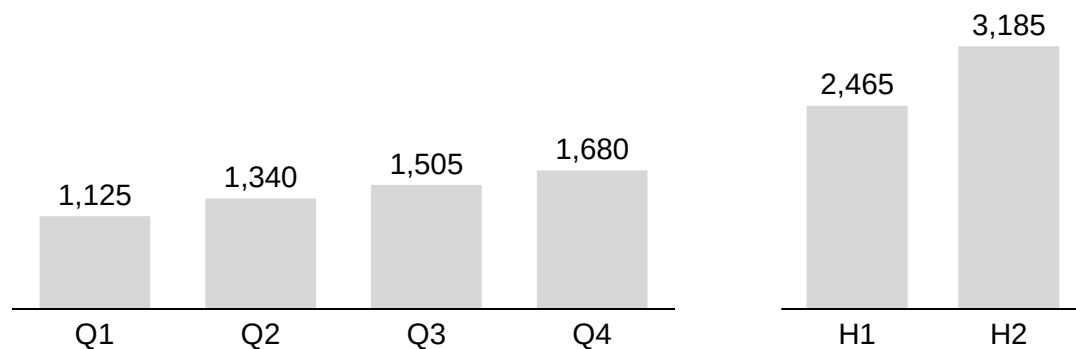
First half challenged but second half recovery sets stage for strong 2023:

- **Volume:** ~\$195M higher in second half due to normal seasonality and some improved parts availability – consistent with 1H/2H volume split in 2020
- **Pricing:** actions have all been implemented and price realization accelerates through 2022 as the proportion of sales at the new higher pricing replaces sales from existing backlog
- **Inflation:** Material and freight costs assumed to be \$100M higher than Dec 2021 exit rate spread approximately equal between halves
- **Expected 4Q 2022 run-rate resets profitability moving forward**

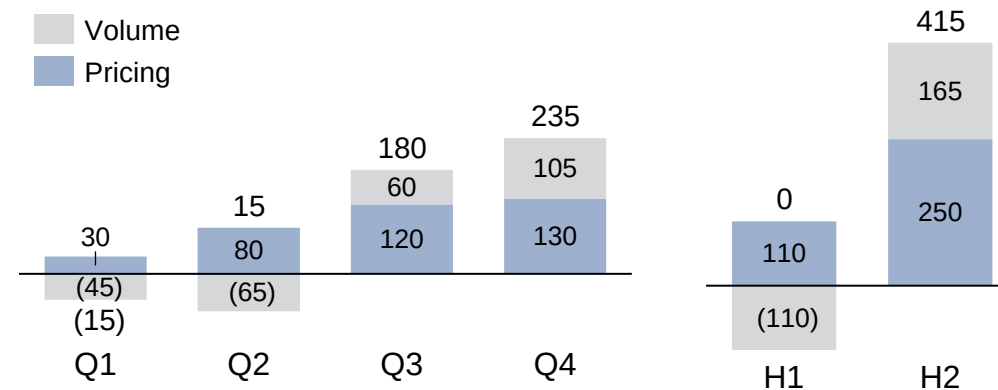
2022 financial guidance by quarter

\$Millions – at midpoint of guidance range

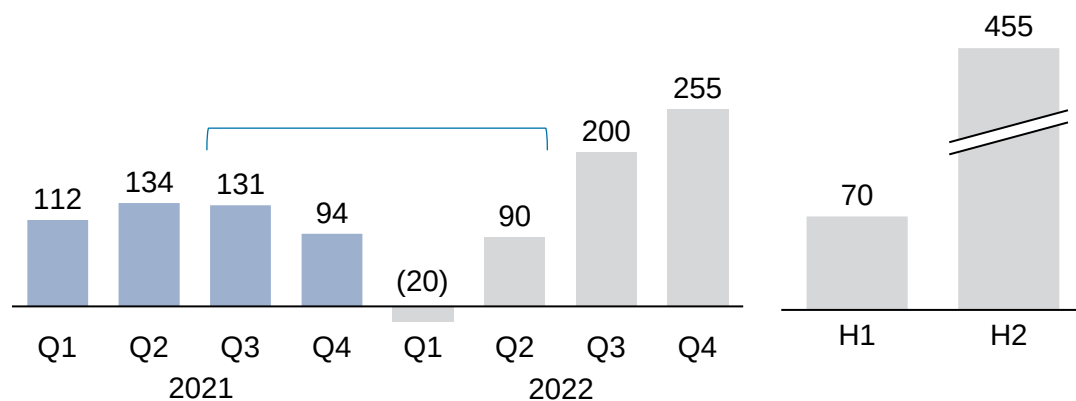
Net Sales



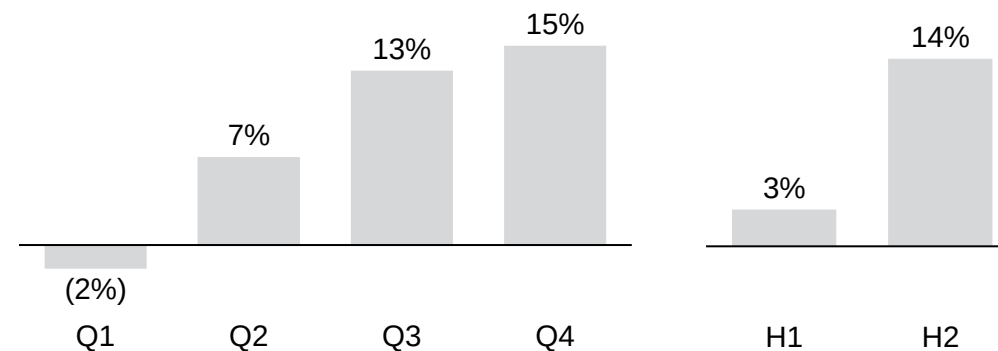
Organic Sales Growth from 2021



Adjusted Operating Profit



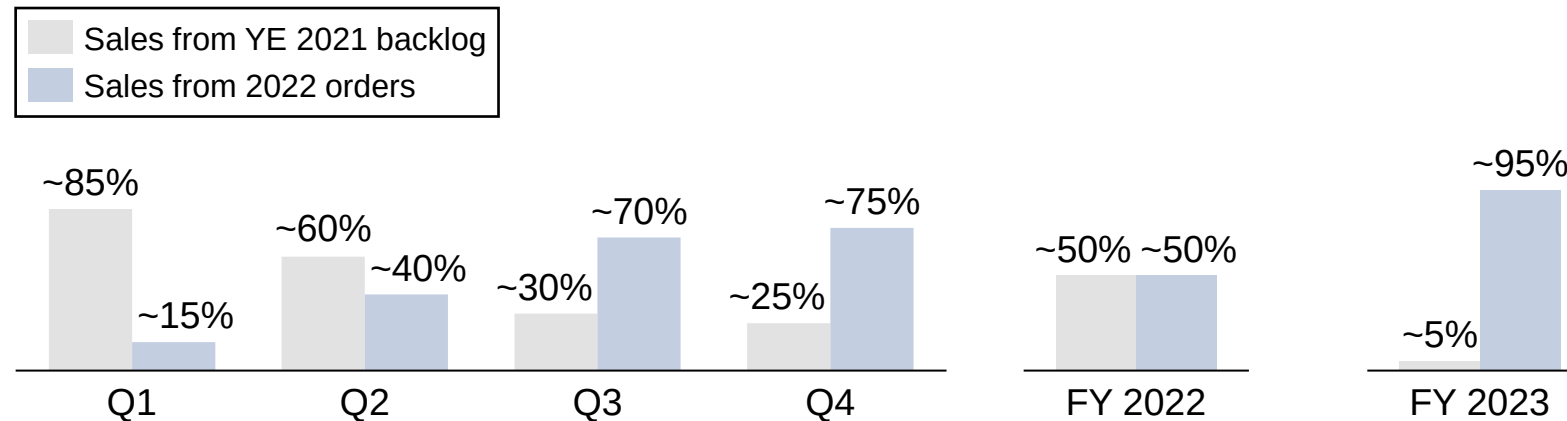
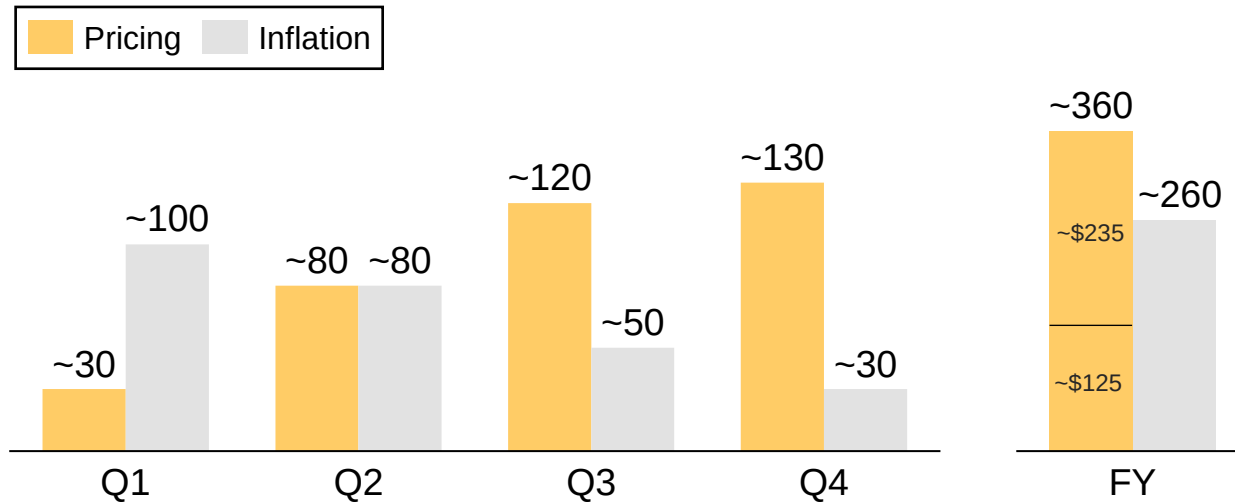
Adjusted Operating Margin



First half challenged but second half recovery expected to drive strong run-rate exiting 4Q 2022

2022 pricing and inflation by quarter

\$Millions – year-over-year impact excluding E&I



- Pricing actions included in YE backlog ~\$125M
- Pricing actions implemented in Q4 2021 and Q1 2022 expected to drive incremental ~\$235M benefit
- Total pricing accelerates each quarter as more of the sales are at 2022 pricing
- 2022 pricing actions will provide significant wrap around benefit in 2023 (~\$200M vs. 2022)
- Inflation impact of \$260M includes ~\$160M carry over impact of 2021 exit rate and \$100M provision for new 2022 increases

Pricing ramps throughout 2022 as share of sales from year-end backlog falls

2022 Price Realization: \$360 million

- Market accepted 2021 price increases. Strong fourth quarter orders growth (+51%) and end-market demand backdrop suggested significant opportunity for additional 2022 price.
- Multiple waves of definitive list price increases at end of 2021 and early 2022. YTD 2022 orders Americas and EMEA favorable to prior year shows demand remains strong at higher pricing.
- Maintaining discipline with discounting through rigorous internal controls. Developed robust charge-back process for customer specific spot-buys and premium freight.
- We operate in a great position in a good industry. We have underestimated our ability to get price historically. Success of recent actions create confidence to consistently drive price going forward.

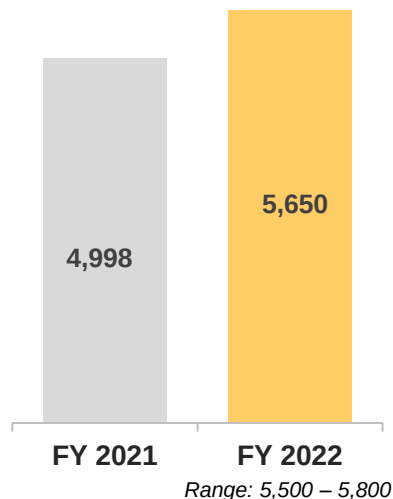
Recent order flow indicates that 2022 pricing is “sticking”

Full year 2022 financial guidance

\$Millions

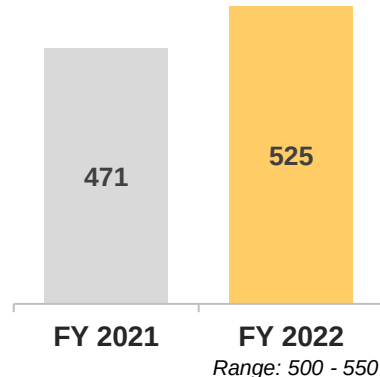
Net Sales

Up 13%
Organic +8%



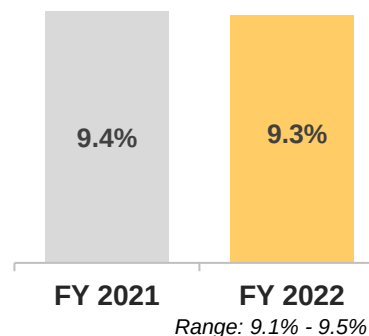
Adj. Operating Profit

Up 11%



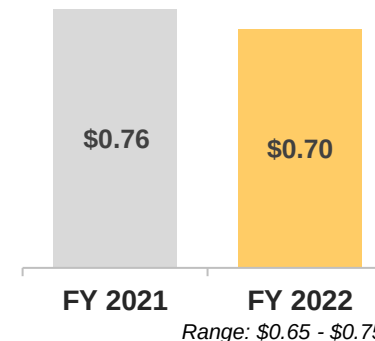
Adj. Operating Margin

Down 10bps



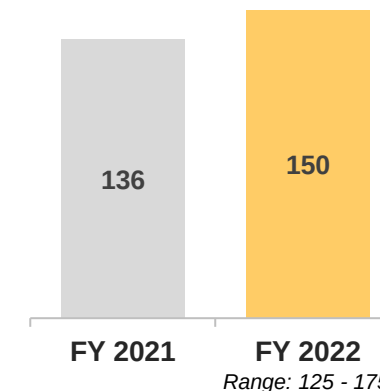
Adjusted EPS

Down \$0.06



Free Cash Flow

Up \$14M



- + ~\$470M 2022 E&I sales
- + ~\$360M pricing
- + ~\$55M volume
- ~(\$90M) FX headwind
- ~(\$80M) divested sales
- ~(\$65M) 2021 E&I sales

- + ~\$360M pricing
- + ~\$70M net adjusted operating profit E&I (~\$80M FY 2022 less \$7M FY 2021)
- + ~\$20M volume
- ~(\$260M) material & freight inflation
- ~(\$50M) FX, divestitures and other
- ~(\$45M) one-time fixed cost benefits in 2021
- ~(\$40M) fixed costs investments (incl. \$20M R&D & \$10M capacity)

- + \$0.15 higher adj. operating profit
- (\$0.10) interest expense
- (\$0.08) income taxes
- (\$0.03) share count

Net M&A impact ~\$0.02 benefit

- + ~\$65M higher EBITDA
- + ~\$40M working capital & other
- + ~\$40M 2021 M&A costs
- ~(\$55M) higher net capex
- ~(\$45M) higher cash interest
- ~(\$20M) ELI litigation settlement
- ~(\$10M) higher cash taxes

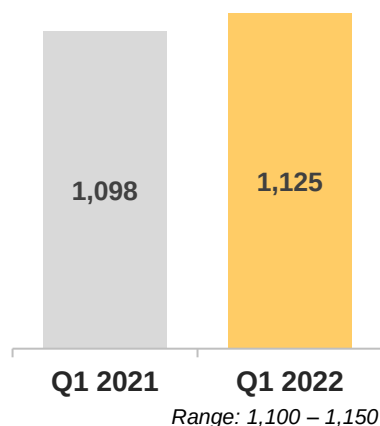
First half challenged but strong second half sets stage for significant upside in 2023

First quarter 2022 financial guidance

\$Millions; midpoint of guidance range unless otherwise specified

Net Sales

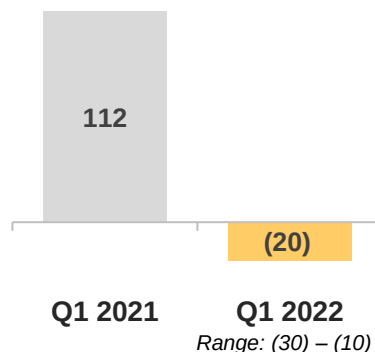
Up 2%
Organic down (1%)



- + ~\$80M acquired sales from E&I
- + ~\$30M pricing benefit
- ~(\$45M) lower volume
- ~(\$25M) FX translation
- ~(\$15M) divested sales

Adj. Operating Profit

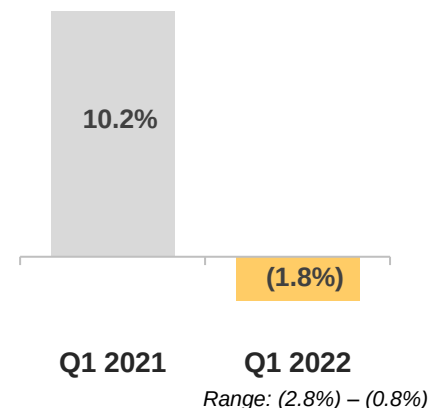
Down \$132M



- + ~\$30M pricing benefit
- + ~\$8M acquired adjusted operating profit from E&I
- ~(\$100M) material and freight inflation
- ~(\$45M) FX and other
- ~(\$15M) lower volume
- ~(\$10M) ER&D investment

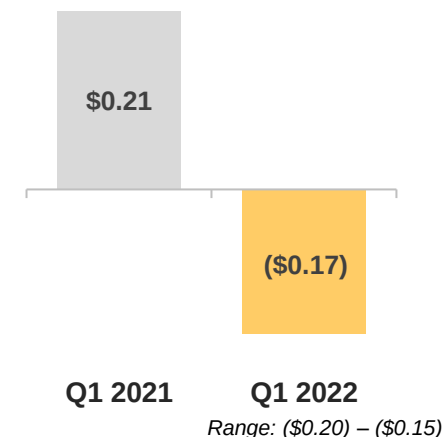
Adj. Operating Margin

Down 1,200 bps



Adjusted EPS

Down (\$0.38)



- (\$0.36) lower adj. operating profit
- (\$0.02) interest expense
- (\$0.01) income taxes
- + \$0.01 share count

Q1 challenged as price-cost-supply environment unchanged from Q4 2021 with much lower volumes

Fourth quarter 2021 key messages

Market demand is very strong with confidence in short- and mid-term pipelines

Short-term inflation and supply chain headwinds will dampen first half 2022 profitability

Significant portion of price target is already booked and recent order flow indicates new price actions are “sticking”

Continued investments in R&D and manufacturing capacity will allow us to sustain growth at least 1.5x market rates

E&I deal thesis intact with profitability expected to accelerate throughout the year

Q4 2022 run-rate resets profitability moving forward

Demand remains strong • supply environment challenging • pricing delivers strong 2H22 • stage set for 2023

Non-GAAP financial reconciliations



Non-GAAP financial measures – fourth quarter results

Reconciliation of segment operating profit (loss) to operating profit (loss) and adjusted operating profit (loss)

(\$M 4 th QUARTER)	4Q21	4Q20
Americas	\$72.8	\$142.4
Asia Pacific	68.1	66.5
Europe, Middle East & Africa	62.8	56.3
Total reportable segments	\$203.7	\$265.2
Foreign currency gain (loss)	(1.1)	(9.7)
Corporate and other	(157.5)	(103.9)
Total corporate, other and elimination	(158.6)	(113.6)
Amortization of intangibles	(49.0)	(31.6)
Operating profit (loss)	(\$3.9)	\$120.0
Amortization of intangibles	49.0	31.6
Mergers and acquisition costs	30.1	-
Litigation settlement costs	18.7	-
Adjusted operating profit (loss)	\$93.9	\$151.6

Reconciliation of Net Sales to Organic Net Sales

(\$M 4 th QUARTER)	4Q21	4Q20	Δ%	Organic Δ%
Americas	\$583.9	\$557.3	4.8%	1.3%
APAC	458.9	442.0	3.8%	2.6%
EMEA	367.7	306.3	20.0%	10.5%
Total	\$1,410.5	\$1,305.6	8.0%	3.9%

Reconciliation from operating profit (loss) margin to adjusted operating profit (loss) margin

(\$M 4 th QUARTER)	4Q21	4Q20	Δ
Net sales	\$1,410.5	\$1,305.6	\$104.9
Operating profit	(3.9)	120.0	(123.9)
Operating margin	(0.3)%	9.2%	(9.5)%
Amortization of intangibles	49.0	31.6	17.4
Mergers and acquisition costs	30.1	-	30.1
Litigation settlement costs	18.7	-	18.7
Adjusted operating profit	93.9	151.6	(57.7)
Adjusted operating margin	6.7%	11.6%	(4.9)%

Reconciliation of Net cash provided by (used for) operating activities to Free Cash Flow

(\$M 4 th QUARTER)	4Q21	4Q20
Net cash provided by (used for) operating activities	\$36.5	\$194.5
Less: Capital expenditures	(30.1)	(23.1)
Less: Investments in capitalized software	(1.7)	(3.4)
Plus: proceeds from disposition of PP&E	3.7	7.0
Free cash flow	\$8.4	\$175.0

Note: Segment operating profit (loss) is the measure of profitability disclosed in Note 14 to the unaudited condensed consolidated financial statements for the year ended December 31, 2021.



Source: Management estimates

Non-GAAP financial measures – fourth quarter results (cont.)

Reconciliation of GAAP diluted EPS to Non-GAAP adjusted diluted EPS and operating profit (loss) to adjusted operating profit (loss)

(\$M, except EPS 4 th QUARTER 2021)	Operating profit (loss)	Interest expense, net	Gain on tax receivable agreement	Change in warrant liability	Income tax expense	Net income (loss)	Diluted EPS ⁽¹⁾
GAAP	\$(3.9)	\$24.1	\$(59.2)	\$9.6	\$(0.4)	\$22.0	\$0.06
Intangible amortization	49.0	-	-	-	-	49.0	0.13
Change in warrant liability	-	-	-	(9.6)	-	9.6	0.03
Merger and acquisitions costs ⁽²⁾	30.1	-	-	-	-	30.1	0.08
Litigation settlement costs	18.7	-	-	-	-	18.7	0.05
Gain on tax receivable agreement	-	-	59.2	-	-	(59.2)	(0.16)
Nonrecurring tax benefit ⁽³⁾	-	-	-	-	55.2	(55.2)	(0.15)
Pro forma share count ⁽¹⁾	-	-	-	-	-	-	-
Non-GAAP Adjusted	\$93.9	\$24.1	-	-	\$54.8	\$15.0	\$0.04
(\$M, except EPS 4 th QUARTER 2020)	Operating profit (loss)	Interest expense, net	Gain on tax receivable agreement	Change in warrant liability	Income tax expense	Net income (loss)	Diluted EPS ⁽⁴⁾
GAAP	\$120.0	\$25.0	\$ -	\$34.4	\$20.1	\$40.5	\$0.12
Intangible amortization	31.6	-	-	-	-	31.6	0.10
Change in warrant liability	-	-	-	(34.4)	-	34.4	0.10
Pro forma share count ⁽⁴⁾	-	-	-	-	-	-	(0.03)
Non-GAAP Adjusted	\$151.6	\$25.0	-	-	\$20.1	\$106.5	\$0.29

(1) GAAP Diluted EPS is based on 372.2 million shares (includes 367.7 million basic shares and 4.5 million potential dilutive stock options and restricted stock units). Non-GAAP Adjusted EPS based on 377.9 million shares (includes 367.7 million basic shares and 4.5 million potential dilutive stock options and restricted stock units and 5.7 million dilutive warrants). We believe that this presentation is more representative of operating results by removing the impact of warrant liability accounting and merger and acquisition related costs.

(2) Includes \$30.1 million of expenses primarily related to the E&I acquisition

(3) Includes \$31.7 million of valuation allowance release as a result of E&I U.S. subsidiaries joining our federal tax group and \$23.5 million of tax benefit related to an intercompany transfer of assets

(4) GAAP Diluted EPS based on 333.3 million shares. Non-GAAP Adjusted EPS based on pro forma share count of 362.0 million diluted shares (includes basic shares and potential dilutive warrants, stock options and restricted stock units). We believe that this presentation facilitates comparison to the current period due to the impact of the reverse merger.



Source: Management estimates

Non-GAAP financial measures – full year results

Reconciliation of segment operating profit (loss) to operating profit (loss) and adjusted operating profit (loss)

(\$M FULL YEAR)	FY21	FY20
Americas	\$441.2	\$497.0
Asia Pacific	253.4	197.1
Europe, Middle East & Africa	217.6	105.5
Total reportable segments	\$912.2	\$799.6
Foreign currency gain (loss)	(3.2)	(26.0)
Corporate and other	(504.8)	(431.4)
Total corporate, other and elimination	(508.0)	(457.4)
Amortization of intangibles	(144.3)	(128.7)
Operating profit (loss)	\$259.9	\$213.5
Amortization of intangibles	144.3	128.7
Mergers and acquisition costs	48.1	-
Litigation settlement costs	18.7	-
Adjusted operating profit (loss)	\$471.0	\$342.2

Reconciliation of Net Sales to Organic Net Sales

(\$M FULL YEAR)	FY21	FY20	Δ%	Organic Δ%
Americas	\$2,187.4	\$2,040.6	7.2%	5.9%
APAC	1,609.0	1,368.4	17.6%	13.1%
EMEA	1,201.7	961.6	25.0%	18.4%
Total	\$4,998.1	\$4,370.6	14.4%	10.9%

Reconciliation from operating profit (loss) margin to adjusted operating profit (loss) margin

(\$M FULL YEAR)	FY21	FY20	Δ
Net sales	\$4,998.1	\$4,370.6	\$627.5
Operating profit	259.9	213.5	46.4
Operating margin	5.2%	4.9%	0.3%
Amortization of intangibles	144.3	128.7	15.6
Mergers and acquisition costs	48.1	-	48.1
Litigation settlement costs	18.7	-	18.7
Adjusted operating profit	471.0	342.2	128.8
Adjusted operating margin	9.4%	7.8%	1.6%

Reconciliation of Net cash provided by (used for) operating activities to Free Cash Flow

(\$M FULL YEAR)	FY21	FY20
Net cash provided by (used for) operating activities	\$210.9	\$208.9
Less: Capital expenditures	(73.4)	(44.4)
Less: Investments in capitalized software	(11.2)	(8.3)
Plus: proceeds from disposition of PP&E	9.8	7.0
Free cash flow	\$136.1	\$163.2

Note: Segment operating profit (loss) is the measure of profitability disclosed in Note 14 to the unaudited condensed consolidated financial statements for the year ended December 31, 2021.



Source: Management estimates

Non-GAAP financial measures – full year results (cont.)

Reconciliation of GAAP diluted EPS to Non-GAAP adjusted diluted EPS and operating profit (loss) to adjusted operating profit (loss)

(\$M, except EPS FULL YEAR 2021)	Operating profit (loss)	Interest expense, net	Loss on extinguishment of debt	Gain on tax receivable agreement	Change in warrant liability	Income tax expense	Net income (loss)	Diluted EPS ⁽¹⁾
GAAP	\$259.9	\$90.6	\$0.4	\$(59.2)	\$61.9	\$46.6	\$119.6	\$0.33
Intangible amortization	144.3	-	-	-	-	-	144.3	0.40
Change in warrant liability	-	-	-	-	(\$61.9)	-	61.9	0.17
Merger and acquisitions costs ⁽²⁾	48.1	-	-	-	-	-	48.1	0.13
Litigation settlement costs	18.7	-	-	-	-	-	18.7	0.05
Gain on tax receivable agreement	-	-	-	59.2	-	-	(59.2)	(0.16)
Nonrecurring tax benefit ⁽³⁾	-	-	-	-	-	55.2	(55.2)	(0.15)
Pro forma share count ⁽¹⁾	-	-	-	-	-	-	-	(0.01)
Non-GAAP Adjusted	\$471.0	\$90.6	\$0.4	-	-	\$101.8	\$278.2	\$0.76
(\$M, except EPS FULL YEAR 2020)	Operating profit (loss)	Interest expense, net	Loss on extinguishment of debt	Gain on tax receivable agreement	Change in warrant liability	Income tax expense	Net income (loss)	Diluted EPS ⁽⁴⁾
GAAP	\$213.5	\$150.4	\$174.0	-	\$143.7	\$72.7	\$(327.3)	\$(1.07)
Intangible amortization	128.7	-	-	-	-	-	128.7	0.42
Change in warrant liability	-	-	-	-	(143.7)	-	143.7	0.47
Pro forma share count ⁽⁴⁾	-	-	-	-	-	-	-	0.03
Non-GAAP Adjusted	\$342.2	\$150.4	\$174.0	-	-	\$72.7	\$(54.9)	\$(0.15)

(1) GAAP Diluted EPS is based on 360.1 million shares (includes 355.5 million basic shares and 4.6 million potential dilutive stock options and restricted stock units). Non-GAAP Adjusted EPS based on 365.9 million shares (includes 355.5 million basic shares and 4.6 million potential dilutive stock options and restricted stock units and 5.7 million dilutive warrants). We believe that this presentation is more representative of operating results by removing the impact of warrant liability accounting and merger and acquisition related costs.

(2) Includes \$39.4 million of expenses primarily related to the E&I acquisition and \$8.7 million asset impairment related to the Heavy Industrial UPS business

(3) Includes \$31.7 million of valuation allowance release as a result of E&I U.S. subsidiaries joining our federal tax group and \$23.5 million of tax benefit related to an intercompany transfer of assets

(4) GAAP Diluted EPS based on 307.1 million shares. Non-GAAP Adjusted EPS based on pro forma share count of 362.0 million diluted shares (includes basic shares and potential dilutive warrants, stock options and restricted stock units). We believe that this presentation facilitates comparison to the current period due to the impact of the reverse merger.

Non-GAAP financial measures – 2022 guidance

At midpoint of guidance range

Reconciliation of GAAP diluted EPS to Non-GAAP adjusted diluted EPS and operating profit (loss) to adjusted operating profit (loss)

(\$M, except EPS 1 st QUARTER 2022 ⁽¹⁾)	Operating profit (loss)	Interest expense, net	Income tax expense	Net income (loss)	Diluted EPS ⁽²⁾
GAAP	(\$77.6)	\$30.0	\$15.0	(\$122.6)	(\$0.33)
Intangible amortization	57.6	-	-	57.6	0.15
Non-GAAP Adjusted	(\$20.0)	\$30.0	\$15.0	(\$65.0)	(\$0.17)

(\$M, except EPS FULL YEAR 2022 ⁽¹⁾)	Operating profit (loss)	Interest expense, net	Income tax expense	Net income (loss)	Diluted EPS ⁽³⁾
GAAP	\$301.0	\$126.0	\$132.0	\$43.0	\$0.11
Intangible amortization	224.0	-	-	224.0	0.59
Non-GAAP Adjusted	\$525.0	\$126.0	\$132.0	\$267.0	\$0.70

(1) Information reconciling certain forward-looking GAAP measures to non-GAAP measures related to 2022 guidance, including organic net sales growth and free cash flow, is not available without unreasonable effort due to high variability, complexity and uncertainty with respect to forecasting and quantifying certain amounts that are necessary for such reconciliations. For the same reasons, we are unable to compute the probable significance of the unavailable information, which could have a potentially unpredictable, and potentially significant, impact on our future GAAP financial results.

(2) GAAP Diluted EPS and Non-GAAP adjusted EPS based on ~377.0 million shares (includes ~377.0 million basic shares with no dilution from stock options and restricted stock units due to the net loss position)

(3) GAAP Diluted EPS and Non-GAAP adjusted EPS based on ~382.5 million shares (includes ~378.8 million basic shares and a weighted average of ~3.7 million potential dilutive stock options and restricted stock units)

Non-GAAP financial measures – 2022 guidance continued

At midpoint of guidance range

Reconciliation of GAAP diluted EPS to Non-GAAP adjusted diluted EPS and operating profit (loss) to adjusted operating profit (loss)

(\$M, except EPS 1 st HALF 2022 ⁽¹⁾)	Operating profit (loss)	Interest expense, net	Income tax expense	Net income (loss)	Diluted EPS ⁽²⁾
GAAP	(\$45.2)	\$61.0	\$34.0	(\$140.2)	(\$0.37)
Intangible amortization	115.2	-	-	115.2	0.30
Non-GAAP Adjusted	\$70.0	\$61.0	\$34.0	(\$25.0)	(\$0.07)

(\$M, except EPS 2 nd HALF 2022 ⁽¹⁾)	Operating profit (loss)	Interest expense, net	Income tax expense	Net income (loss)	Diluted EPS ⁽³⁾
GAAP	\$346.2	\$65.0	\$98.0	\$183.2	\$0.48
Intangible amortization	108.8	-	-	108.8	0.28
Non-GAAP Adjusted	\$455.0	\$65.0	\$98.0	\$292.0	\$0.76

(1) Information reconciling certain forward-looking GAAP measures to non-GAAP measures related to 2022 guidance, including organic net sales growth and free cash flow, is not available without unreasonable effort due to high variability, complexity and uncertainty with respect to forecasting and quantifying certain amounts that are necessary for such reconciliations. For the same reasons, we are unable to compute the probable significance of the unavailable information, which could have a potentially unpredictable, and potentially significant, impact on our future GAAP financial results.

(2) GAAP Diluted EPS and Non-GAAP adjusted EPS based on ~377.9 million shares (includes ~377.9 million basic shares with no dilution from stock options and restricted stock units due to the net loss position)

(3) GAAP Diluted EPS and Non-GAAP adjusted EPS based on ~384.4 million shares (includes ~379.6 million basic shares and a weighted average of ~4.8 million potential dilutive stock options and restricted stock units)

Non-GAAP financial measures – 2022 guidance continued

At midpoint of guidance range

Reconciliation of GAAP diluted EPS to Non-GAAP adjusted diluted EPS and operating profit (loss) to adjusted operating profit (loss)

(\$M, except EPS 2 nd QUARTER 2022 ⁽¹⁾)	Operating profit (loss)	Interest expense, net	Income tax expense	Net income (loss)	Diluted EPS ⁽²⁾
GAAP	\$32.4	\$31.0	\$19.0	(\$17.6)	(\$0.05)
Intangible amortization	57.6	-	-	57.6	0.15
Non-GAAP Adjusted	\$90.0	\$31.0	\$19.0	\$40.0	\$0.10

(\$M, except EPS 3 rd QUARTER 2022 ⁽¹⁾)	Operating profit (loss)	Interest expense, net	Income tax expense	Net income (loss)	Diluted EPS ⁽³⁾
GAAP	\$142.4	\$32.0	\$43.0	\$67.4	\$0.18
Intangible amortization	57.6	-	-	57.6	0.15
Non-GAAP Adjusted	\$200.0	\$32.0	\$43.0	\$123.0	\$0.33

(\$M, except EPS 4 th QUARTER 2022 ⁽¹⁾)	Operating profit (loss)	Interest expense, net	Income tax expense	Net income (loss)	Diluted EPS ⁽⁴⁾
GAAP	\$203.8	\$33.0	\$55.0	\$115.8	\$0.30
Intangible amortization	\$51.2	-	-	\$51.2	\$0.13
Non-GAAP Adjusted	\$255.0	\$33.0	\$55.0	\$167.0	\$0.43

(1) Information reconciling certain forward-looking GAAP measures to non-GAAP measures related to 2022 guidance, including organic net sales growth and free cash flow, is not available without unreasonable effort due to high variability, complexity and uncertainty with respect to forecasting and quantifying certain amounts that are necessary for such reconciliations. For the same reasons, we are unable to compute the probable significance of the unavailable information, which could have a potentially unpredictable, and potentially significant, impact on our future GAAP financial results.

(2) GAAP Diluted EPS and Non-GAAP adjusted EPS based on ~383.6 million shares (includes ~378.8 million basic shares and a weighted average of ~4.8 million potential dilutive stock options and restricted stock units)

(3) GAAP Diluted EPS and Non-GAAP adjusted EPS based on ~384.2 million shares (includes ~379.4 million basic shares and a weighted average of ~4.8 million potential dilutive stock options and restricted stock units)

(4) GAAP Diluted EPS and Non-GAAP adjusted EPS based on ~384.7 million shares (includes ~379.8 million basic shares and a weighted average of ~4.9 million potential dilutive stock options and restricted stock units)



Source: Management estimates

Additional 2022 guidance assumptions

SEGMENT EXPECTATIONS¹

	 AMERICAS	 APAC	 EMEA²
NET SALES	\$2,200 - \$2,350	\$1,700 - \$1,800	\$1,100 - \$1,200 ⁽³⁾
ORGANIC GROWTH	Mid-single digits	Upper single digits	Low double digits

FREE CASH FLOW

	<i>Guidance</i> FY 2022	<i>Actual</i> FY 2021	BI(W)
Adjusted operating profit	525	471	54
D&A (excluding intangible amortization)	96	83	13
	<u>621</u>	<u>554</u>	<u>67</u>
M&A costs (excluding asset impairment)	-	(39)	39
Trade working capital	(84)	(138)	54
Other working capital	(10)	7	(17)
ELI litigation settlement	(20)	-	(20)
Cash taxes	(107)	(97)	(10)
Cash interest	(120)	(75)	(45)
Net cash (used) from operations	<u>280</u>	<u>211</u>	<u>69</u>
Capital expenditures (incl. software)	(130)	(85)	(45)
Proceeds from sale of PP&E	-	10	(10)
Free cash flow	<u>150</u>	<u>136</u>	<u>14</u>

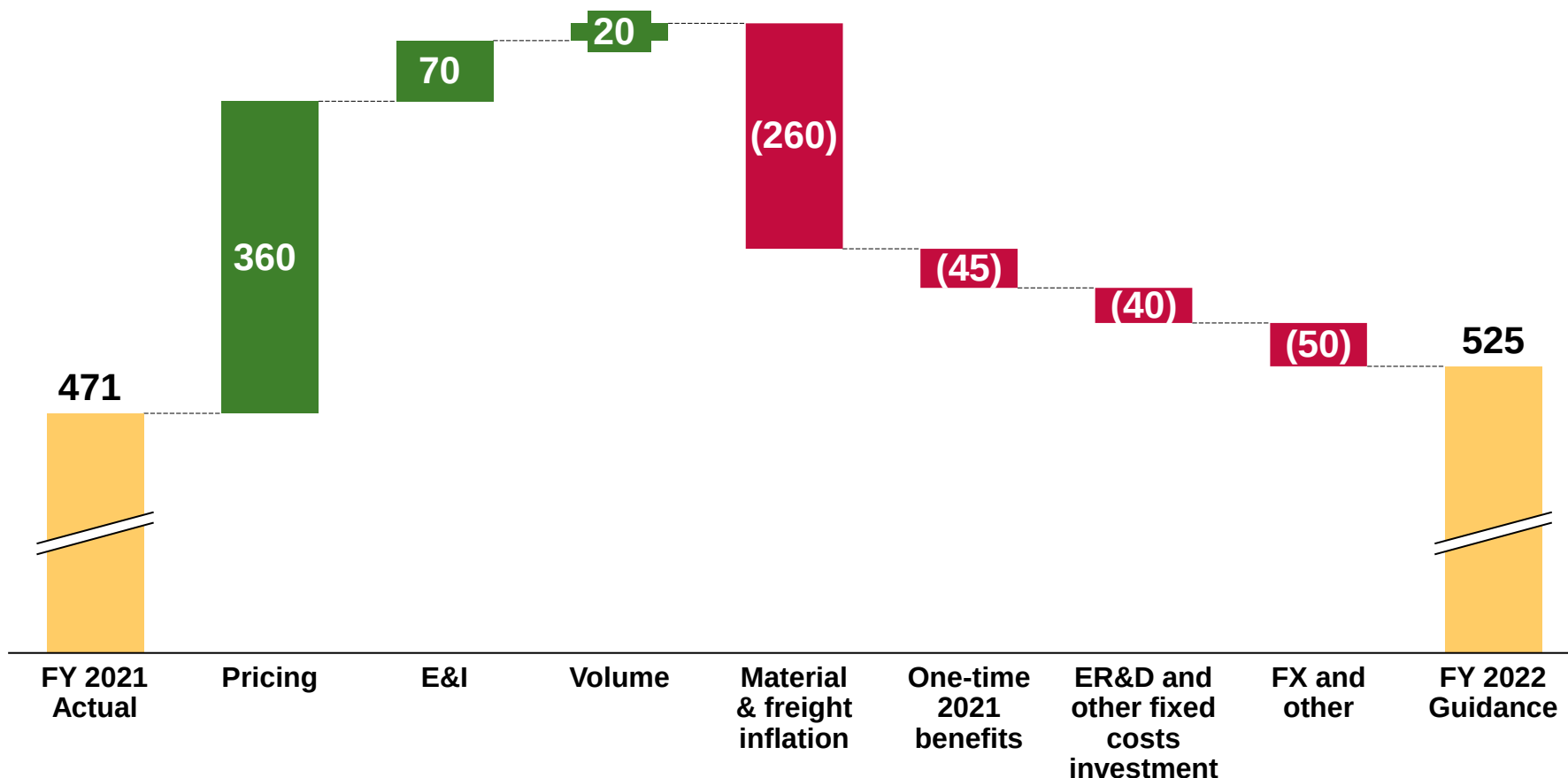
(1) Segment results exclude E&I. FY 2022 guidance of \$5,650 net sales includes expected E&I net sales of ~\$470M

(2) Includes reduction of ~\$80M net sales related to the divestiture of Heavy Industrial UPS business

(3) Includes unfavorable FX impact of ~\$70M net sales

Full year 2022 adjusted operating profit vs. 2021

\$Millions; FY 2022 at midpoint of guidance



- Pricing includes ~\$125M in year end 2021 backlog and ~\$235M in new 2022 pricing actions
- E&I 2022 adjusted operating profit of ~\$80M less ~\$7M in 2021
- Volume benefit of \$55M higher sales
- Material and freight inflation assumes wrap around of Dec 2021 run rate (~\$160M) plus \$100M of new 2022 cost increases
- 2021 one-time benefits include lower than target bonus expense, hiring freeze and other non-recurring items
- Fixed costs investments of \$20M in R&D and \$10M in operations capacity to support growth beyond 2022
- Other includes ~\$20M FX headwind, divestiture of Heavy Industrial UPS business, unfavorable mix in China and labor inflation

