CNH INDUSTRIAL

Breaking New Ground

Innovation Sustainability Productivity

Q2 2022 RESULTS REVIEW
July 29th, 2022







SAFE HARBOR STATEMENT AND DISCLOSURES

All statements other than statements of historical fact contained in this earning release, including competitive strengths; business strategy; future financial position or operating results; budgets; projections with respect to revenue, income, earnings (or loss) per share, capital expenditures, dividends, liquidity, capital structure or other financial items; costs; and plans and objectives of management regarding operations and products, are forward-looking statements. Forward looking statements also include statements regarding the future performance of CNH Industrial and its subsidiaries on a standalone basis. These statements may include terminology such as "may", "will", "expect", "could", "should", "intend", "estimate", "anticipate", "believe", "outlook", "continue", "remain", "on track", "design", "target", "objective", "goal", "forecast", "projection", "prospects", "plan", or similar terminology. Forward-looking statements, including those related to the COVID-19 pandemic, are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside our control and are difficult to predict. If any of these risks and uncertainties materialize (or they occur with a degree of severity that the Company is unable to predict) or other assumptions underlying any of the forward-looking statements prove to be incorrect, including any assumptions regarding strategic plans, the actual results or developments may differ materially from any future results or developments expressed or implied by the forward-looking statements. Factors, risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others: the continued uncertainties related to the unknown duration and economic, operational and financial impacts of the global COVID-19 pandemic and the actions taken or contemplated by governmental authorities or others in connection with the pandemic on our business, our employees, customers and suppliers; supply chain disruptions, including delays caused by mandated shutdowns, industry capacity constraints, material availability, and global logistics delays and constraints; disruption caused by business responses to COVID-19, including remote working arrangements, which may create increased vulnerability to cybersecurity or data privacy incidents; our ability to execute business continuity plans as a result of COVID-19; the many interrelated factors that affect consumer confidence and worldwide demand for capital goods and capital goods-related products, including demand uncertainty caused by COVID-19; general economic conditions in each of our markets, including the significant economic uncertainty and volatility caused the war in the Ukraine and by COVID-19; changes in government policies regarding banking, monetary and fiscal policy; legislation, particularly pertaining to capital goods-related issues such as agriculture, the environment, debt relief and subsidy program policies, trade and commerce and infrastructure development; government policies on international trade and investment, including sanctions, import quotas, capital controls and tariffs; volatility in international trade caused by the imposition of tariffs, sanctions, embargoes, and trade wars; actions of competitors in the various industries in which we compete; development and use of new technologies and technological difficulties; the interpretation of, or adoption of new, compliance requirements with respect to engine emissions, safety or other aspects of our products; production difficulties, including capacity and supply constraints and excess inventory levels; labor relations; interest rates and currency exchange rates; inflation and deflation; energy prices; prices for agricultural commodities; housing starts and other construction activity; our ability to obtain financing or to refinance existing debt; price pressure on new and used equipment; the resolution of pending litigation and investigations on a wide range of topics, including dealer and supplier litigation, intellectual property rights disputes, product warranty and defective product claims, and emissions and/or fuel economy regulatory and contractual issues; security breaches, cybersecurity attacks, technology failures, and other disruptions to the information technology infrastructure of CNH Industrial and its suppliers and dealers; security breaches with respect to our products; our pension plans and other post-employment obligations; political and civil unrest; volatility and deterioration of capital and financial markets, including other pandemics, terrorist attacks in Europe and elsewhere; our ability to realize the anticipated benefits from our business initiatives as part of our strategic plan; our failure to realize, or a delay in realizing, all of the anticipated benefits of our acquisitions, joint ventures, strategic alliances or divestitures and other similar risks and uncertainties, and our success in managing the risks involved in the foregoing.

Forward-looking statements are based upon assumptions relating to the factors described in this earnings release, which are sometimes based upon estimates and data received from third parties. Such estimates and data are often revised. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside CNH Industrial's control. CNH Industrial expressly disclaims any intention or obligation to provide, update or revise any forward-looking statements in this announcement to reflect any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Further information concerning CNH Industrial, including factors that potentially could materially affect CNH Industrial's financial results, is included in CNH Industrial's reports and filings with the U.S. Securities and Exchange Commission ("SEC"), the Autoriteit Financiële Markten ("AFM") and Commissione Nazionale per le Società e la Borsa ("CONSOB").

All future written and oral forward-looking statements by CNH Industrial or persons acting on the behalf of CNH Industrial are expressly qualified in their entirety by the cautionary statements contained herein or referred to above.

SECOND QUARTER 2022 HIGHLIGHTS

Record Q2 revenues up 17.5%, pricing and volume, negative FX (3%)

Double-digit margin for Industrial Activities, continued pressure on production

Orders remain solid as soft commodities decline

Positive Free Cash Flow in the quarter

Sale of non-core Raven businesses complete

Momentum strong for now, guidance for the year unchanged





CASE AGRICULTURE

NEW HOLLAND AGRICULTURE





CASE CONSTRUCTION

NEW HOLLAND CONSTRUCTION





AGRICULTURE

$4.7B
net sales Q2 22

+22%
change net sales (@CC*)

$663M
adj. EBIT(1)

14.0%
adj. EBIT margin(1)

Pricing of +13% offset increased cost

Gross margin at 23.4%

Manufacturing inventories remain elevated

Strong demand for row crop equipment
Softening for low HP tractors

Order books remain strong for tractors and combines

Successfully leveraging dual brand strategy

(*) @CC means at constant currency (1) Non-GAAP measures (definition & reconciliation in appendix)





CONSTRUCTION

$891M
net sales Q2 22

+12%
change net sales (@CC*)

$34M
adj. EBIT(1)

3.8%
adj. EBIT margin(1)

Pricing offsetting higher production cost

Sampierana already strong contributor in EU, ahead of plan

Market share increased in light equipment

Order book up over 20% YoY across regions and sub-segments

Launching new product category that will be “groundbreaking”

(*) @CC means at constant currency (1) Non-GAAP measures (definition and reconciliation in appendix)

STRATEGIC PRIORITIES | IN FOCUS

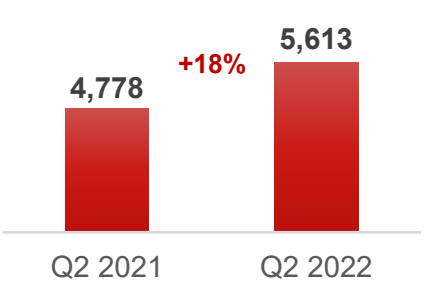


SECOND QUARTER 2022 | FINANCIAL HIGHLIGHTS

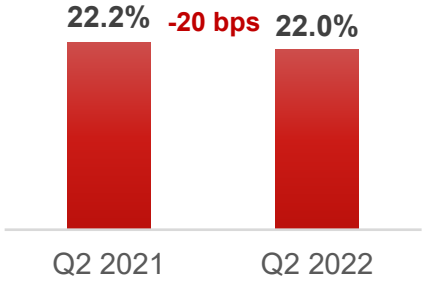
Industrial Activities

Net Sales(*)

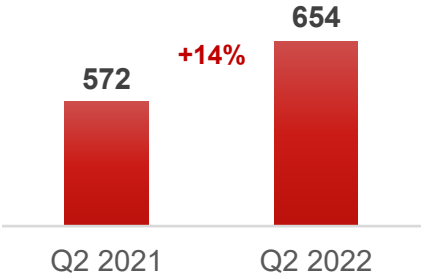
($mn)



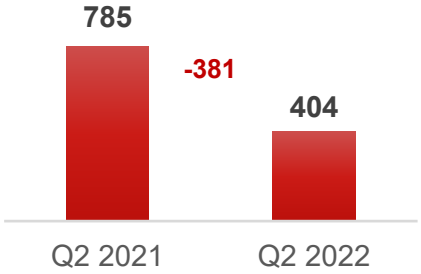
Adjusted Gross Margin(*)



Adjusted EBIT(*)

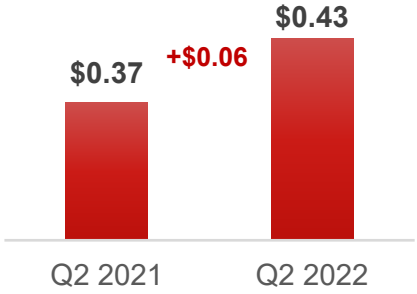


Free Cash Flow(*)

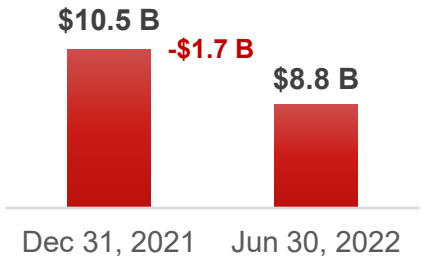


Consolidated

Adjusted Diluted EPS(*)



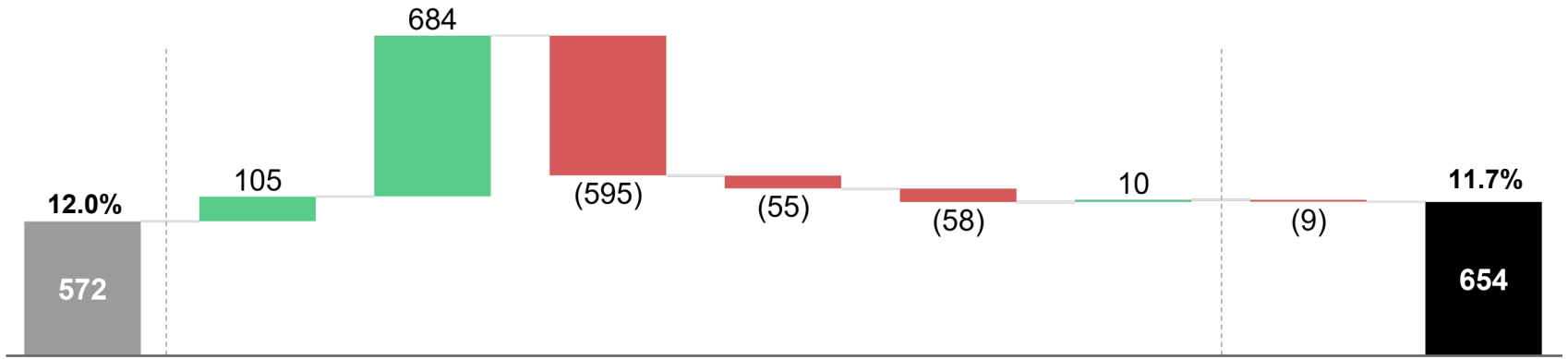
Available Liquidity(*)



(*) Non-GAAP measures (definition and reconciliation in appendix)
Note: all figures for 2021 in this presentation refer to continuing operations

SECOND QUARTER 2022 | INDUSTRIAL ACTIVITIES ADJ. EBIT (1) WALK

($mn)



By Segment

	Vol. & Mix	Pricing, Net	Prod. Cost	SG&A	R&D	FX | Other
AG	98	578	(504)	(41)	(54)	4
CE	7	106	(91)	(14)	(4)	6

	Gross Margin	Adj EBIT Margin
AG	23.4% (0.7) p.p.	14.0% (0.7) p.p.
CE	13.8% +1.4 p.p.	3.8% +0.8 p.p.

Note | p.p. change vs. Q2 2021

(1) Note: adj. EBIT is a Non-GAAP measures (definition and reconciliation in appendix)

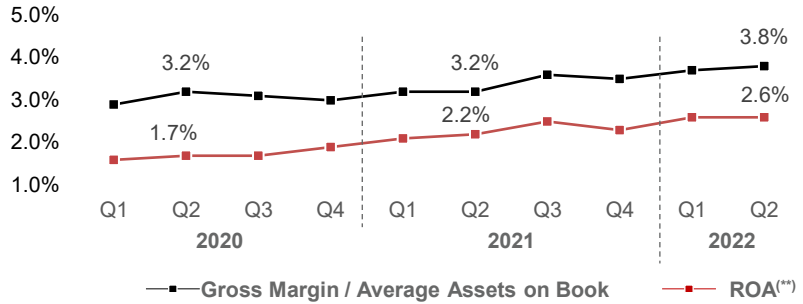
Note: Numbers may not add due to rounding

SECOND QUARTER 2022 | FINANCIAL SERVICES

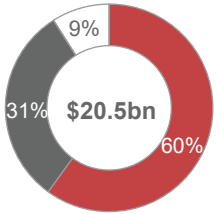
Net Income



Profitability Ratios



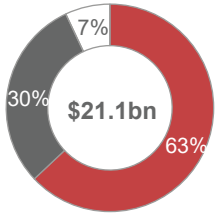
Managed Portfolio(*) & Retail Originations(*)



June 30, 2021

Q2'22 retail originations at $2.4bn, flat compared to June 30, 2021

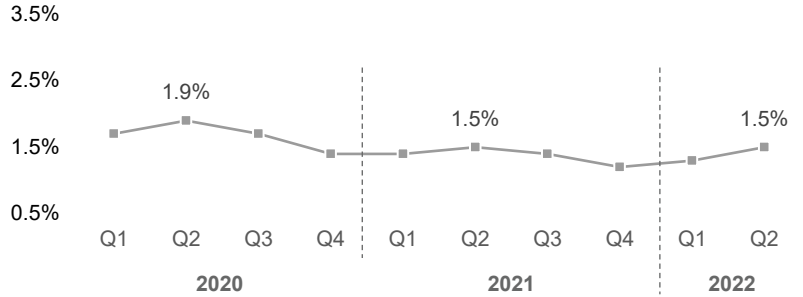
Managed portfolio* at $21.1bn, up $0.6bn compared to June 30, 2021 (up $1.7bn on a constant currency basis)



June 30, 2022

Retail Wholesale Operating Lease

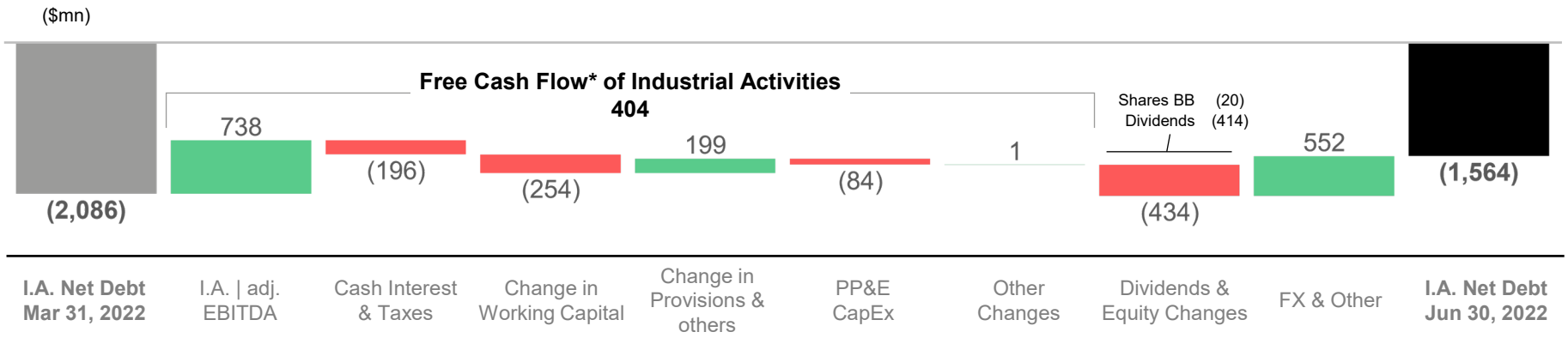
Delinquencies on Book (>30 Days)



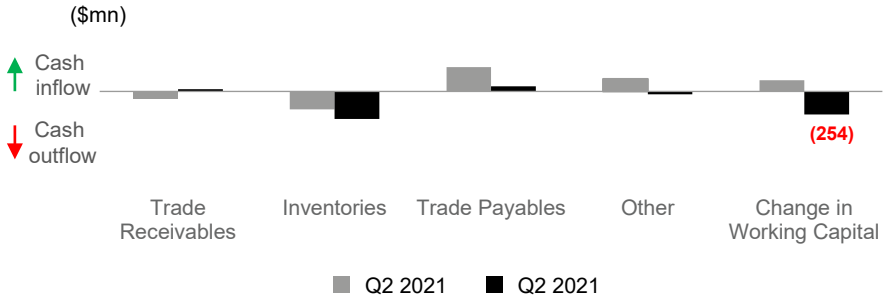
(*) Including unconsolidated JVs

(**) RoA defined as: EBIT / average managed assets annualized

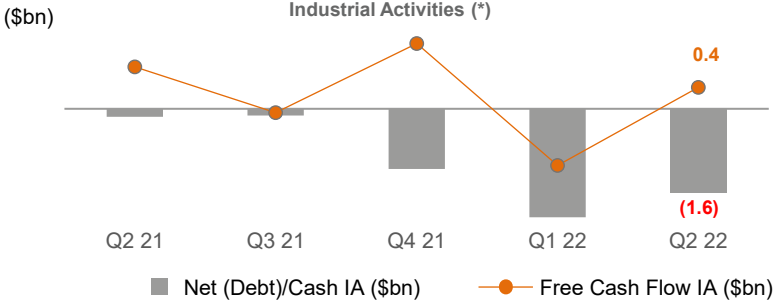
SECOND QUARTER 2022 | INDUSTRIAL ACTIVITIES CHANGE IN NET DEBT(*)



Change in Working Capital



Net (Debt)/Cash and Free Cash Flow by quarter



(*) Non-GAAP measures (definition and reconciliation in appendix) Note: Numbers may not add due to rounding

CAPITAL ALLOCATION PRIORITIES

ORGANIC GROWTH

Capex up 22% from Q2 2021, R&D up 29%, largest increase in digital

CREDIT RATING

Current long-term ratings: Moody's Baa2; S&P BBB and Fitch BBB+

GROSS DEBT

Gross Debt stable in Q2, operating cash flow and sale of unit, annual dividend

SHAREHOLDER RETURNS

More than $400mn returned YTD through dividends and share buybacks,
Board approved additional $300m Share Buy Back

INORGANIC GROWTH

Sold both Raven businesses and acquisition of Specialty Enterprises

Support **growth** and ensure shareholder **returns**, while maintaining a **strong balance sheet**

FY 2022 ESTIMATES | INDUSTRY UNIT PERFORMANCE VS. FY 2021

	NORTH AMERICA	EUROPE	REST OF EMEA	SOUTH AMERICA	APAC
 **0-140 HP Tractors**	(10%) – (5%)	Flat	(10%) – (5%)	Flat – 5%	Flat
140+ Large Tractors	15%				
 **Combines**	10%	Flat	(40%)	Flat	20%
 **Light**	(5%)	(5%) – Flat	(15%) – (10%)	10% – 15%	(20%) – (15%)
 **Heavy**	5% – 10%	(5%) – Flat	(5%) – Flat	10% – 15%	(20%) – (15%)

NOTE: Total Industry Volume % change FY 2022 vs. FY 2021 reflecting aggregate for key markets where Company competes.
(*) Regional split definition in Appendix

FY 2022 E | GUIDANCE

INDUSTRIAL ACTIVITIES		
Net Sales(1)	12%-14%	**Narrowed / Confirmed**
SG&A	≤ 7.5%	**Confirmed**
Free Cash Flow(2)	> $1.0B	**Confirmed**
R&D CapEx	~ $1.4B	**Confirmed**

Supply Chain challenges to persist in H2

Significant uncertainties remain in all regions, linked to rising inflation, geopolitical instability, the war in Ukraine and continuing COVID-19 infection waves, all these factors my affect our forecast for the year.

(1) Net Sales outlook reflecting €/$ exchange rate at 1.05
(2) FCF definition in Appendix



2022 | FOCUS AND PRIORITIES

Early signs of moderating supply chain headwinds

Deliveries improving to meet customer demand

Order books remain strong and dealer inventories low

Strike ongoing, seeking resolution while accelerating mitigations

Improving Raven contribution to product pipeline

Strategic Sourcing roll-out in Q3

Tech Day event in early December

APPENDIX

Q2 2022 | UNIT PERFORMANCE VS. Q2 2021

Industry

	NORTH AMERICA	EUROPE	REST OF EMEA	SOUTH AMERICA	APAC
 **0-140 HP Tractors**	(16%)	(6%)	6%	4%	11%
140+ Large Tractors	Flat				
 **Combines**	3%	2%	(47%)	(14%)	21%
 **Light**	(6%)	(2%)	(14%)	25%	(27%)
 **Heavy**	7%	(8%)	4%	20%	(31%)

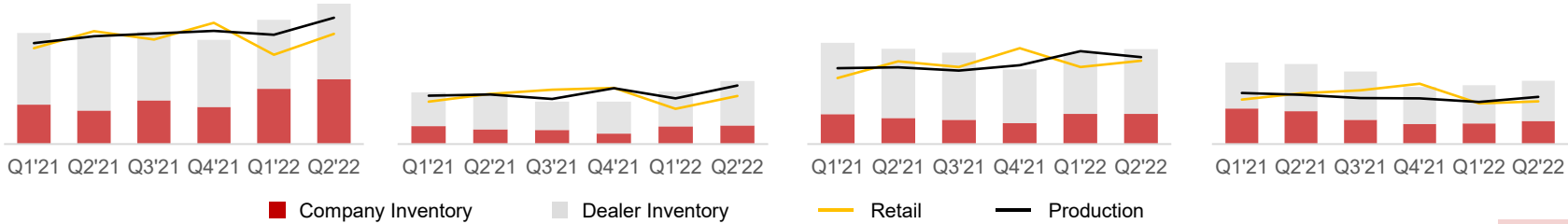
Company

 TRACTORS Order Book* Up ~5%

 COMBINES Order Book* Down ~6%

 LIGHT Order Book* Up >20%

 HEAVY Order Book* Up >40%



NOTE: Total Industry Volume % change 2022 vs. 2021 reflecting aggregate for key markets where Company competes. Regional split definition in Appendix
(*) YoY change for orders to be built as of end of June 2022

Q2 2022 | FINANCIAL SUMMARY

	Q2 2022	Q2 2021	Δ
U.S. GAAP			
Revenues ($mn)	**6,082**	5,174	18%
Net Sales | Industrial Activities ($mn)	**5,613**	4,778	18%
Net Income ($mn)	**552**	514	38
Diluted EPS ($)	**0.40**	0.38	0.02
Non – GAAP (1)			
Net Sales | Industrial Activities @CC ($mn)	**5,752**	4,778	20%
Adjusted EBIT | Industrial Activities ($mn)	**654**	572	14%
Adjusted EBIT Margin | Industrial Activities (%)	**11.7%**	12.0%	(30) bps
Adjusted income (loss) before income tax benefit (expense) and equity in income of unconsolidated subsidiaries and affiliates	**741**	628	18%
Adjusted Effective Tax Rate	**25%**	23%	2 pp
Adjusted Net Income ($mn)	**583**	507	76
Adjusted net income attributable to CNH Industrial N.V.	**579**	506	73
Weighted average shares outstanding – diluted (million)	**1,360**	1,361	0.0%
Adjusted Diluted EPS ($)	**0.43**	0.37	0.06
Free Cash Flow | Industrial Activities ($mn)	**404**	785	(381)

	Jun 30, 2022	Dec 31, 2021	Δ
Net Industrial Cash (Debt) ($bn)	**(1.6)**	(1.1)	(39%)
Available Liquidity ($bn)	**8.8**	10.5	(16%)

(') @CC means at constant currency

(1) Non-GAAP measures (definition and reconciliation in appendix)

Note: Numbers may not add due to rounding

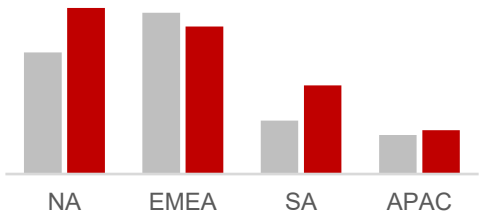
Q2 2022 | INDUSTRIAL ACTIVITIES NET SALES

AG

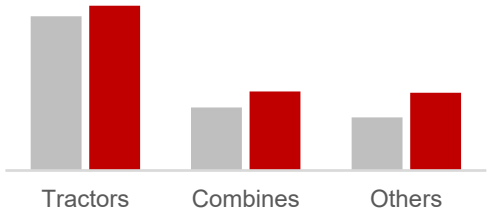
$4,722mn

+19% +22% @CC

By Region
as reported



By Product
as reported

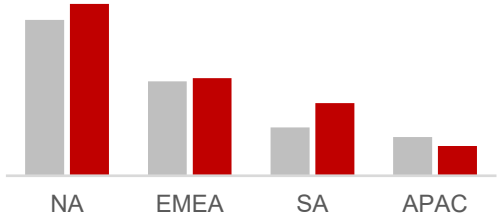


CE

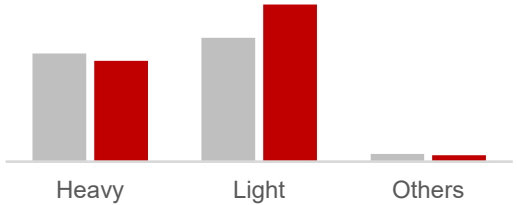
$891mn

+10% +12% @CC

By Region
as reported



By Product
as reported

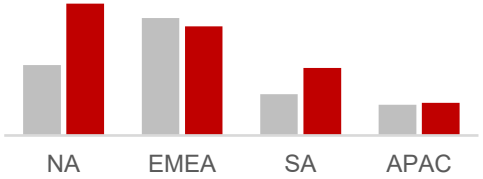


Industrial Activities (1)

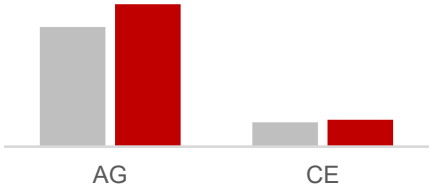
$5,613mn

+18% +20% @CC

By Region
as reported



By Segment
as reported



Q2 2022
Q2 2021

(1) Net Sales | Excluding Other Activities, Unallocated Items and Adjustment & Eliminations
Note: % change YoY and @CC means at constant currency

Q2 2022 | FINANCIALS BY SEGMENT

($mn)

	Revenues		Gross Profit		Adj. EBIT		Adj. EBIT Margin %	
	Q2 22	Q2 21	**Q2 22**	Q2 21	**Q2 22**	Q2 21	**Q2 22**	Q2 21
Agriculture	4,722	3,970	1,105	955	663	582	14.0%	14.7%
Construction Equip.	891	808	123	100	34	24	3.8%	3.0%
Elimination & Other	-	-	8	7	(43)	(34)		
Industrial Activities	**5,613**	**4,778**	**1,236**	**1,062**	**654**	**572**	**11.7%**	**12.0%**
Financial Services	471	392	174	136				
Elimination & Other	(2)	4	-	-				
TOTAL	6,082	5,174	1,410	1,198				

Note: Adj EBIT and Adj EBIT Margin % are Non-GAAP measures (definition and reconciliation in appendix)

Q2 2022 | NET SALES AND ADJ. EBIT BREAKDOWN

($mn)

Net Sales Split

	AG			CE	
	Q2 22	Q2 21		**Q2 22**	Q2 21
NA	1,757	1,287	NA	412	373
EMEA	1,560	1,705	EMEA	234	226
LA	939	565	LA	174	116
APAC	466	413	APAC	71	93
Tractors	51%	57%	Heavy	38%	45%
Combines	25%	23%	Light	60%	52%
Others*	24%	20%	Others	2%	3%

Industrial Activities | Adj. EBIT Walk

	ADJ. EBIT(1) Q2'21	Vol. & Mix	Pricing, Net	Prod. Cost	SG&A	R&D	FX | Other	Unallocated, Elim. & Other	**ADJ. EBIT(1) Q2'22**
Ind. Activities	**572**	**105**	**684**	**(595)**	**(55)**	**(58)**	**10**	**(9)**	**654**
Agriculture	582	98	578	(504)	(41)	(54)	4		663
Constr. Equip.	24	7	106	(91)	(14)	(4)	6		34

* Raven included in Others

(1) Note: Adj EBIT is a Non-GAAP measures (definition and reconciliation in appendix); Numbers may not add due to rounding

Q2 / 1H 2022 | CAPEX AND R&D

($mn)

	Q2 2022	Q2 2021	1H 2022	1H 2021
Investments in property, plant and equipment, and intangible assets	**84**	**69**	**137**	**105**
Breakdown by Category				
New Product & Technology	28%	46%	28%	47%
Maintenance & Other	48%	46%	48%	47%
Industrial Capacity Expansion & LT Investments	24%	8%	24%	6%
Breakdown by Segment				
Agriculture	87%	84%	87%	84%
Construction Equipment	13%	16%	13%	16%
Research and Development	**212**	**164**	**396**	**296**
Total spending (CapEx + R&D) in new products	**159**	**119**	**294**	**214**
Breakdown by Trend				
Digital	36%	25%	35%	23%
Electric Vehicles and CNG-LNG	10%	2%	7%	2%
Other New Program	54%	73%	58%	75%

DEBT MATURITY SCHEDULE | BREAKDOWN

($bn)

Outstanding Jun 30, 2022		6M 2022	2023	2024	2025	2026	Beyond
2.0	Bank Debt	0.6	0.7	0.3	0.2	0.1	0.1
9.7	Capital Market	0.7	2.1	2.0	1.4	1.7	1.8
0.1	Other Debt	0.1	0.0	0.0	0.0	0.0	0.0
11.8	**Cash Portion of (Debt) Maturities**	**1.3**	**2.9**	**2.3**	**1.6**	**1.8**	**1.9**
	of which Industrial Activities	*0.1*	*1.0*	*0.8*	*0.8*	*0.5*	*1.7*
	of which Financial Services	*1.3*	*1.9*	*1.5*	*0.8*	*1.2*	*0.2*
3.6	Cash & Cash Equivalents						
0.7	*of which restricted cash*						
0.2	Net Receivables / (Payables) with Iveco Group N.V.						
5.0	Undrawn Committed credit lines						
8.8	**Total Available Liquidity**						

Note: Numbers may not add due to rounding

RECONCILIATIONS

RECONCILIATION OF NET INCOME (LOSS) TO ADJ. EBIT BY SEGMENT (US GAAP)

($mn)	Q2 2022				1H 2022			
	AG	CE	Unall. Items, Elim. & Other	**Industrial Activities**	AG	CE	Unall. Items, Elim. & Other	**Industrial Activities**
Consolidated Net income				**552**				**888**
Less: Consolidated Income tax (expense) benefit				(228)				(387)
Consolidated Income before taxes				**780**				**1,275**
Less: Financial Services								
Financial Services Net income				95				177
Financial Services Income taxes				38				74
Add back of the following Industrial Activities items:								
Interest expenses, net of interest income & eliminations				35				70
Foreign exchange (gains) losses, net				(13)				-
Finance & non-service component of Pension & other post-empl. benefit costs [(1)]				(40)				(77)
Adjustments for the following Industrial Activities items:								
Restructuring expenses	3	3	-	6	5	3	-	8
Other discrete items [(2)]	-	-	19	19	-	-	58	58
Adjusted EBIT of Industrial Activities	**663**	**34**	**(43)**	**654**	**1,089**	**66**	**(72)**	**1,083**

(1) In the three months ended June 30, 2022, this item includes the pre-tax gain of $30 million as a result of the amortization over approximately 4.5 years of the $527 million positive impact from the 2018 modification of a healthcare plan in the U.S. and a pre-tax gain of $6 million as a result of the amortization over the 4 years of the $101 million positive impact from the 2021 modifications of a healthcare plan in the U.S. In the three months ended June 30, 2021, this item includes the pre-tax gain of $30 million as a result of the 2018 modification.
(2) In the three months ended June 30, 2022, this item included $18 million of the book loss on the sale of the Raven Engineered Films Division. In the three months ended June 30, 2021, this item included $8 million separation costs in connection with the spin-off of the Iveco Group business.

RECONCILIATION OF NET INCOME (LOSS) TO ADJ. EBIT BY SEGMENT (US GAAP)

($mn)	Q2 2021				1H 2021			
	AG	CE	Unall. Items, Elim. & Other	**Industrial Activities**	AG	CE	Unall. Items, Elim. & Other	**Industrial Activities**
Consolidated Net income				**699**				**1,124**
Less: Consolidated Net Income (loss) of Discontinued Operations				185				247
Consolidated Net income (loss) of Continuing Operations				**514**				**877**
Less: Consolidated Income tax (expense) benefit				(152)				(268)
Consolidated Income (loss) before taxes (continuing operations)				**666**				**1,145**
Less: Financial Services								
Financial Services Net income				85				163
Financial Services Income taxes				26				52
Add back of the following Industrial Activities items:								
Interest expenses, net of interest income & eliminations				31				71
Foreign exchange (gains) losses, net				4				15
Finance & non-service component of Pension & other post-empl. benefit costs [(1)]				(35)				(69)
Adjustments for the following Industrial Activities items:								
Restructuring expenses	2	3	-	5	4	2	-	6
Other discrete items [(2)]	-	-	12	12	-	-	13	13
Adjusted EBIT of Industrial Activities	**582**	**24**	**(34)**	**572**	**981**	**49**	**(65)**	**965**

(1) In the three months ended June 30, 2022, this item includes the pre-tax gain of $30 million as a result of the amortization over approximately 4.5 years of the $527 million positive impact from the 2018 modification of a healthcare plan in the U.S. and a pre-tax gain of $6 million as a result of the amortization over the 4 years of the $101 million positive impact from the 2021 modifications of a healthcare plan in the U.S. In the three months ended June 30, 2021, this item includes the pre-tax gain of $30 million as a result of the 2018 modification.
(2) In the three months ended June 30, 2022, this item included $18 million of the book loss on the sale of the Raven Engineered Films Division. In the three months ended June 30, 2021, this item included $8 million separation costs in connection with the spin-off of the Iveco Group business.

RECONCILIATION OF TOTAL DEBT TO NET DEBT (US GAAP)

($mn)

	Consolidated		Industrial Activities		Financial Services	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Third party debt	(20,817)	(20,897)	(4,828)	(5,335)	(15,989)	(15,562)
Intersegment notes payable	-	-	(169)	(150)	(679)	(181)
Payable to Iveco Group N.V.[4]	(73)	(3,986)	(8)	(3,764)	(65)	(222)
Total (Debt) [1]	**(20,890)**	**(24,883)**	**(5,005)**	**(9,249)**	**(16,733)**	**(15,965)**
Cash and cash equivalents	2,855	5,044	2,430	4,386	425	658
Restricted cash	729	801	144	128	585	673
Intersegment notes receivable	-	-	679	181	169	150
Receivables from Iveco Group N.V.[4]	281	3,484	220	3,430	61	54
Other current financial assets[2]	1	1	1	1	-	-
Derivatives hedging debt	(33)	(3)	(33)	(3)	-	-
Net Cash (Debt) [3]	**(17,057)**	**(15,556)**	**(1,564)**	**(1,126)**	**(15,493)**	**(14,430)**

(1) Total (Debt) of Industrial Activities includes Intersegment notes payable to Financial Services of $169 million and $150 million as of June 30, 2022 and December 31, 2021, respectively. Total (Debt) of Financial Services includes Intersegment notes payable to Industrial Activities of $679 million and $181 million as of June 30, 2022 and December 31, 2021, respectively.
(2) This item includes short-term deposits and investments towards high-credit rating counterparties.
(3) The net intersegment receivable/(payable) balance recorded by Financial Services relating to Industrial Activities was ($510) million and ($31) million as of June 30, 2022 and December 31, 2021, respectively.
(4) For December 31, 2021, this item is shown net on the CNH Industrial balance sheet.

RECONCILIATION OF CASH & CASH EQUIVALENTS TO AVAILABLE LIQUIDITY UNDER U.S.-GAAP

($mn)

	June 30, 2022	March 31, 2022	December 31, 2021
Cash and cash equivalents	**2,855**	3,219	5,044
Restricted cash	**729**	842	801
Undrawn committed facilities	**5,002**	5,087	5,177
Receivables from Iveco Group N.V.	**281**	297	3,484
Payables to Iveco Group N.V.	**(73)**	(47)	(3,986)
Other current financial assets[1]	**1**	1	1
Available liquidity	**8,795**	**9,399**	**10,521**

(1) This item includes short-term deposits and investments towards high-credit rating counterparties

RECONCILIATION OF NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES TO FREE CASH FLOW OF INDUSTRIAL ACTIVITIES UNDER U.S. GAAP

($mn)

	Q2 2022	Q2 2021	1H 2022	1H 2021
Net cash provided by (used in) Operating Activities (Continuing Operations)	(271)	560	(1,158)	801
Less: Cash flows from Operating Activities of Financial Services net of eliminations	773	256	677	80
Change in derivatives hedging debt of Industrial Activities and other	(11)	5	(29)	(7)
Investments in assets sold under operating lease assets of Industrial Activities	(4)	(5)	(6)	(8)
Operating cash flow of Industrial Activities	487	816	(516)	866
Investments in property, plant and equipment, and intangible assets of Industrial Activities	(84)	(69)	(137)	(105)
Other changes (1)	1	38	(2)	11
Free cash flow of Industrial Activities	**404**	**785**	**(655)**	**772**

(1) This item primarily includes change in intersegment financial receivables and capital increases in intersegment investments

RECONCILIATION OF ADJUSTED NET INCOME AND ADJUSTED INCOME TAX (EXPENSE) BENEFIT TO NET INCOME (LOSS) AND INCOME TAX (EXPENSE) BENEFIT AND CALCULATION OF ADJUSTED DILUTED EPS AND ADJUSTED ETR UNDER U.S.-GAAP (1/2)

($mn)

	Q2 2022	Q2 2021	1H 2022	1H 2021
Net income (loss) – Continuing Operations	**552**	**514**	**888**	**877**
Adjustments impacting Income (loss) before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates (a)	(12)	(13)	9	(34)
Adjustments impacting Income tax (expense) benefit (b)	43	6	64	16
Adjusted net income (loss)	**583**	**507**	**961**	**859**
Adjusted net income (loss) attributable to CNH Industrial N.V.	579	506	954	855
Weighted average shares outstanding – diluted (million)	1,360	**1,361**	1,360	1,360
Adjusted diluted EPS ($)	**0.43**	**0.37**	**0.70**	**0.63**
Income (loss) from continuing operations before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates	**753**	**641**	**1,227**	**1,094**
Adjustments impacting Income (loss) before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates (a)	(12)	(13)	9	(34)
Adjusted income (loss) from continuing operations before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates (A)	**741**	**628**	**1,236**	**1,060**
Income tax (expense) benefit	**(228)**	**(152)**	**(387)**	**(268)**
Adjustments impacting Income tax (expense) benefit (b)	43	6	64	16
Adjusted income tax (expense) benefit (B)	**(185)**	**(146)**	**(323)**	**(252)**
Adjusted Effective Tax Rate (Adjusted ETR) (C=B/A)	**25.0%**	**23.2%**	**26.1%**	**23.7%**

RECONCILIATION OF ADJUSTED NET INCOME AND ADJUSTED INCOME TAX (EXPENSE) BENEFIT TO NET INCOME (LOSS) AND INCOME TAX (EXPENSE) BENEFIT AND CALCULATION OF ADJUSTED DILUTED EPS AND ADJUSTED ETR UNDER U.S.-GAAP (2/2)

($mn)

	Q2 2022	Q2 2021	1H 2022	1H 2021
(a) Adjustments impacting Income (loss) before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates				
Restructuring expenses	5	5	8	5
Loss on repurchase of notes	-	-	-	8
Pre-tax gain related to the 2018 modification of a healthcare plan in the U.S.	(30)	(30)	(60)	(60)
Pre-tax gain related to the 2021 modification of a healthcare plan in the U.S.	(6)	-	(12)	-
Asset write-down: Industrial Activities, Russia Operations	-	-	44	-
Asset write-down: Financial Services, Russia Operations	-	-	15	-
Spin related costs	3	8	6	9
Other discrete items	-	4	-	4
Loss on sale of EFD net of income from segments held for sale	16	-	8	-
Total	**(12)**	**(13)**	**9**	**(34)**
(b) Adjustments impacting Income tax (expense) benefit				
Tax effect of adjustments impacting Income (loss) before income tax (expense) benefit and equity in income of unconsolidated subsidiaries and affiliates(1)	39	7	61	14
Other	4	(1)	3	2
Total	**43**	**6**	**64**	**16**

(1) *Includes $44 million of increase to the valuation allowances on historical deferred tax assets as a result of the suspension of operations in Russia.*

GEOGRAPHIC INFORMATION

The composition of our regions part of the geographic information is as follow:

- North America: United States, Canada, Mexico and Puerto Rico, previously included in South America
- Europe, Middle East, and Africa (previously Europe): member countries of the European Union, European Free Trade Association, the United Kingdom, Ukraine, Balkans, Russia, Turkey, the African continent, and the Middle East, previously included in Rest of World;
- South America: Central and South America, and the Caribbean Islands; and
- Asia Pacific (previously Rest of World): Continental Asia, Oceania and member countries of the Commonwealth of Independent States.

Market Share / Market Position Data

- Certain industry and market share information in this report has been presented on a worldwide basis which includes all countries.
- In this presentation, management estimates of past market-share information are generally based on retail unit sales data in North America, on registrations of equipment in most of Europe, Brazil, and various Rest of the World markets, and on retail and shipment unit data collected by a central information bureau appointed by equipment manufacturers associations, including the Association of Equipment Manufacturers' in North America, the Committee for European Construction Equipment in Europe, the ANFAVEA in Brazil, the Japan Construction Equipment Manufacturers Association, and the Korea Construction Equipment Manufacturers Association, as well as on other shipment data collected by an independent service bureau.
- Not all agricultural or construction equipment is registered, and registration data may thus underestimate, perhaps substantially, actual retail industry unit sales demand, particularly for local manufacturers in China, Southeast Asia, Eastern Europe, Russia, Turkey, Brazil, and any country where local shipments are not reported.
- In addition, there may be a period of time between the shipment, delivery, sale and/or registration of a unit, which must be estimated, in making any adjustments to the shipment, delivery, sale, or registration data to determine our estimates of retail unit data in any period.

NON-GAAP FINANCIAL MEASURES

CNH Industrial monitors its operations through the use of several non-GAAP financial measures. CNH Industrial's management believes that these non-GAAP financial measures provide useful and relevant information regarding its operating results and enhance the readers' ability to assess CNH Industrial's financial performance and financial position. Management uses these non-GAAP measures to identify operational trends, as well as make decisions regarding future spending, resource allocations and other operational decisions as they provide additional transparency with respect to our core operations. These non-GAAP financial measures have no standardized meaning under U.S. GAAP or EU-IFRS and are unlikely to be comparable to other similarly titled measures used by other companies and are not intended to be substitutes for measures of financial performance and financial position as prepared in accordance with U.S. GAAP and/or EU-IFRS.

CNH Industrial's non-GAAP financial measures are defined as follows:

Adjusted EBIT of Industrial Activities under U.S. GAAP is defined as net income (loss) before income taxes, Financial Services' results, Industrial Activities' interest expenses, net, foreign exchange gains/losses, finance and non-service component of pension and other post-employment benefit costs, restructuring expenses, and certain non-recurring items. In particular, non-recurring items are specifically disclosed items that management considers rare or discrete events that are infrequent in nature and not reflective of on-going operational activities.

Adjusted EBIT of Industrial Activities under EU-IFRS: is defined as profit/(loss) before taxes, Financial Services' results, Industrial Activities' financial expenses, restructuring costs, and certain non-recurring items.

Adjusted Net Income (Loss): is defined as net income (loss), less restructuring charges and non-recurring items, after tax.

Adjusted Diluted EPS: is computed by dividing Adjusted Net Income (loss) attributable to CNH Industrial N.V. by a weighted-average number of common shares outstanding during the period that takes into consideration potential common shares outstanding deriving from the CNH Industrial share-based payment awards, when inclusion is not anti-dilutive. When we provide guidance for adjusted diluted EPS, we do not provide guidance on a earnings per share basis because the GAAP measure will include potentially significant items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end.

Adjusted Income Taxes: is defined as income taxes less the tax effect of restructuring expenses and non-recurring items, and non-recurring tax charges or benefits.

Adjusted Effective Tax Rate (Adjusted ETR): is computed by dividing a) adjusted income taxes by b) income (loss) before income taxes and equity in income of unconsolidated subsidiaries and affiliates, less restructuring expenses and non-recurring items.

Adjusted Gross Profit Margin of Industrial Activities: is computed by dividing Net sales less Cost of goods sold, as adjusted by non-recurring items, by Net sales.

Net Cash (Debt) and Net Cash (Debt) of Industrial Activities: Net Cash (Debt) is defined as total debt less intersegment notes receivable, cash and cash equivalents, restricted cash, other current financial assets (primarily current securities, short-term deposits and investments towards high-credit rating counterparties) and derivative hedging debt. CNH Industrial provides the reconciliation of Net Cash (Debt) to Total (Debt), which is the most directly comparable measure included in the consolidated balance sheets. Due to different sources of cash flows used for the repayment of the debt between Industrial Activities and Financial Services (by cash from operations for Industrial Activities and by collection of financing receivables for Financial Services), management separately evaluates the cash flow performance of Industrial Activities using Net Cash (Debt) of Industrial Activities.

Free Cash Flow of Industrial Activities (or Industrial Free Cash Flow): refers to Industrial Activities only, and is computed as consolidated cash flow from operating activities less: cash flow from operating activities of Financial Services; investments of Industrial Activities in assets sold under buy-back commitments, assets under operating leases, property, plant and equipment and intangible assets; change in derivatives hedging debt of Industrial Activities; as well as other changes and intersegment eliminations.

Available Liquidity: is defined as cash and cash equivalents plus restricted cash, undrawn medium-term unsecured committed facilities, net receivables/payables with Iveco Group N.V. and other current financial assets (primarily current securities, short-term deposits and investments in instruments of high-credit rating counterparties).

Change excl. FX or Constant Currency: CNH Industrial discusses the fluctuations in revenues on a constant currency basis by applying the prior year average exchange rates to current year's revenues expressed in local currency in order to eliminate the impact of foreign exchange rate fluctuations.

The tables attached to this press release provide reconciliations of the non-GAAP measures used in this press release to the most directly comparable GAAP measures.

CNH INDUSTRIAL

Breaking New Ground

Innovation Sustainability Productivity

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