



NEWS RELEASE

Aptiv Reports Second Quarter 2022 Financial Results

2022-08-04

Record Bookings and Robust Revenue Growth Despite Difficult Macro Environment

DUBLIN, Aug. 4, 2022 /PRNewswire/ -- Aptiv PLC (NYSE: APTV), a global technology company focused on making mobility safer, greener and more connected, today reported a second quarter 2022 U.S. GAAP loss of \$0.23 per diluted share. Excluding special items, second quarter earnings totaled \$0.22 per diluted share.

Second Quarter Financial Highlights Include :

-- U.S. GAAP revenue of \$4.1 billion, an increase of 7%

- Revenue increased 9% adjusted for currency exchange and commodity movements; growth over market of 8% based on AWM¹ of 1%

-- U.S. GAAP net loss of \$61 million, loss per share of \$0.23

- Excluding special items, diluted earnings per share of \$0.22

-- U.S. GAAP operating income margin of 2.4%

- Adjusted Operating Income margin of 5.3%, Adjusted Operating Income of \$213 million; Adjusted EBITDA of \$365 million

-- Generated \$95 million of cash from operations

Year-to-Date Financial Highlights Include :

-- U.S. GAAP revenue of \$8.2 billion, an increase of 5%



- Revenue increased 6% adjusted for currency exchange and commodity movements; growth over market of 9% based on AWM¹ of (3)%

-- U.S. GAAP net income of \$12 million, diluted earnings per share of \$0.04

- Excluding special items, diluted earnings per share of \$0.85

-- U.S. GAAP operating income margin of 4.3%

- Adjusted Operating Income margin of 6.5%, Adjusted Operating Income of \$537 million; Adjusted EBITDA of \$843 million

"Record quarterly bookings of \$14 billion and 8% revenue growth over market showcase Aptiv's strong competitive differentiation and the increasing strategic value we are providing customers as they transform their businesses to support the rapid growth of vehicle electrification," said Kevin Clark, chairman and chief executive officer. "While our long-term business outlook has never been better, we are mindful of persistent inflation and macro headwinds, particularly in Europe. As a result, we are accelerating actions to improve profitability and enhance business resiliency in the short-term, while continuing to lean into investments that we believe will sustainably drive future growth and profitability over the long-term."

Second Quarter 2022 Results

For the three months ended June 30, 2022, the Company reported U.S. GAAP revenue of \$4.1 billion, an increase of 7% from the prior year period. Adjusted for currency exchange and commodity movements, revenue increased by 9% in the second quarter. This reflects growth of 21% in North America, 4% in Europe, 2% in Asia, which includes a decline of 2% in China, and 30% in South America, our smallest region.

The Company reported a second quarter 2022 U.S. GAAP net loss of \$61 million and \$0.23 per diluted share, compared to net income of \$147 million and earnings of \$0.54 per diluted share in the prior year period. Second quarter Adjusted Net Income, a non-GAAP financial measure defined below, totaled \$62 million, or earnings of \$0.22 per diluted share, compared to \$202 million, or \$0.71 per diluted share, in the prior year period.

Second quarter Adjusted Operating Income, a non-GAAP financial measure defined below, was \$213 million, compared to \$338 million in the prior year period. Adjusted Operating Income margin was 5.3%, compared to 8.9% in the prior year period, reflecting adverse impacts from the second quarter COVID-19 pandemic lockdowns in China, continued adverse impacts from global inflationary pressures and the worldwide semiconductor shortage, partially offset by the favorable impact of price recoveries. Depreciation and amortization expense totaled \$193 million, as compared to \$197 million in the prior year period.

Interest expense for the second quarter totaled \$56 million, as compared to \$38 million in the prior year period, which reflects impacts from our \$2.5 billion debt issuance in the first quarter of 2022 in anticipation of the Wind River Systems, Inc. acquisition.

Tax expense in the second quarter of 2022 was \$16 million, resulting in an effective tax rate of approximately 100%, which was impacted by the geographic mix of earnings and increased losses in certain jurisdictions where no tax benefit is recognized, including the impact of charges resulting from the conflict between Ukraine and Russia. Tax expense in the second quarter of 2021 was \$28 million, resulting in an effective tax rate of approximately 11%.

The Company generated net cash flow from operating activities of \$95 million in the second quarter, compared to \$297 million in the prior year period.

Year-to-Date 2022 Results

For the six months ended June 30, 2022, the Company reported U.S. GAAP revenue of \$8.2 billion, an increase of 5% from the prior year period. Adjusted for currency exchange and commodity movements, revenue increased by 6% during the period. This reflects growth of 14% in North America, 6% in Asia, which includes growth of 6% in China, and 27% in South America, our smallest region, partially offset by a decline of 1% in Europe.

For the 2022 year-to-date period, the Company reported U.S. GAAP net income of \$12 million and earnings of \$0.04 per diluted share, compared to \$426 million and \$1.57 per diluted share in the prior year period. Year-to-date Adjusted Net Income totaled \$242 million, or \$0.85 per diluted share, compared to \$535 million, or \$1.89 per diluted share, in the prior year period.

The Company reported Adjusted Operating Income of \$537 million for the six months ended June 30, 2022, compared to \$812 million in the prior year period. Adjusted Operating Income margin was 6.5% for the six months ended June 30, 2022, compared to 10.4% in the prior year period, reflecting adverse impacts from the second quarter COVID-19 pandemic lockdowns in China, continued adverse impacts from global inflationary pressures and the worldwide semiconductor shortage, partially offset by the favorable impact of price recoveries. Depreciation and amortization expense totaled \$384 million, as compared to \$390 million in the prior year period.

Interest expense for the six months ended June 30, 2022 totaled \$99 million, as compared to \$78 million in the prior year period, which reflects impacts from our \$2.5 billion debt issuance in the first quarter of 2022 in anticipation of the Wind River Systems, Inc. acquisition.

Tax expense for the six months ended June 30, 2022 was \$37 million, resulting in an effective tax rate of

approximately 19% which was impacted by the geographic mix of earnings and increased losses in certain jurisdictions where no tax benefit is recognized, including the impact of charges resulting from the conflict between Ukraine and Russia. Tax expense in the prior year period was \$76 million, resulting in an effective tax rate of 12%.

Net cash flow used in operating activities totaled \$107 million in the six months ended June 30, 2022, compared to net cash flow generated by operating activities of \$549 million in the prior year period. As of June 30, 2022, the Company had cash and cash equivalents of \$4.7 billion and total available liquidity of \$7.1 billion.

Reconciliations of Adjusted Revenue Growth, Adjusted Net Income, Adjusted Net Income Per Share, Adjusted Operating Income, Adjusted EBITDA and Cash Flow Before Financing, which are non-GAAP measures, to the most directly comparable financial measures, respectively, calculated and presented in accordance with accounting principles generally accepted in the United States ("GAAP") are provided in the attached supplemental schedules.

Full Year 2022 Outlook

The Company's full year 2022 financial guidance is as follows:

(in millions, except per share amounts)	Full Year 2022
Net sales	\$17,000 - \$17,300
Adjusted EBITDA	\$2,160 - \$2,310
Adjusted EBITDA margin	12.7% - 13.4%
Adjusted operating income	\$1,525 - \$1,675
Adjusted operating income margin	9.0% - 9.7%
Adjusted net income per share (1)	\$3.05 - \$3.55
Cash flow from operations	\$1,525
Capital expenditures	\$800
Adjusted effective tax rate	~13%

(1) The Company's full year 2022 financial guidance includes approximately \$1.05 per diluted share for the anticipated equity losses to be recognized by Aptiv from the performance of the Motional autonomous driving joint venture.

Conference Call and Webcast

The Company will host a conference call to discuss these results at 8:00 a.m. (ET) today, which is accessible by dialing +1.800.289.0741 (U.S.) or +1.323.701.0212 (international) or through a webcast at ir.aptiv.com. The conference ID number is 4936352. A slide presentation will accompany the prepared remarks and has been posted on the investor relations section of the Company's website. A replay will be available two hours following the conference call.

Use of Non-GAAP Financial Information

This press release contains information about Aptiv's financial results which are not presented in accordance with GAAP. Specifically, Adjusted Revenue Growth, Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, Adjusted Net Income Per Share and Cash Flow Before Financing are non-GAAP financial measures. Adjusted Revenue Growth represents the year-over-year change in reported net sales relative to the comparable period, excluding the impact on net sales from currency exchange, commodity movements, acquisitions, divestitures and other transactions. Adjusted Operating Income represents net income (loss) before interest expense, other income (expense), net, income tax (expense) benefit, equity income (loss), net of tax, amortization, restructuring, other acquisition and portfolio project costs, asset impairments, other charges related to the Ukraine/Russia conflict and gains (losses) on business divestitures and other transactions. Other acquisition and portfolio project costs include costs incurred to integrate acquired businesses and to plan and execute product portfolio transformation actions, including business and product acquisitions and divestitures. Adjusted Operating Income margin is defined as Adjusted Operating Income as a percentage of net sales. Adjusted EBITDA represents net income (loss) before depreciation and amortization (including asset impairments), interest expense, income tax (expense) benefit, other income (expense), net, equity income (loss), net of tax, restructuring and other special items.

Adjusted Net Income represents net income (loss) attributable to Aptiv before amortization, restructuring and other special items, including the tax impact thereon. Adjusted Net Income Per Share represents Adjusted Net Income divided by the Adjusted Weighted Average Number of Diluted Shares Outstanding for the period. The Adjusted Weighted Average Number of Diluted Shares Outstanding assumes the application of the if-converted method of share dilution, if not already applied for GAAP purposes of calculating the weighted average number of diluted shares outstanding. Cash Flow Before Financing represents cash provided by (used in) operating activities plus cash provided by (used in) investing activities, adjusted for the purchase price of business acquisitions and other transactions, the cost of significant technology investments and net proceeds from the divestiture of discontinued operations and other significant businesses.

Effective on January 1, 2022, the Company now excludes amortization expense of intangible assets from the calculation of Adjusted Operating Income, Adjusted Net Income and Adjusted Net Income Per Share. Financial results reported in this release for both the current and historical period have been prepared under this new definition. Outlook information presented above is also calculated under this new definition. The forward-looking non-GAAP measures presented in this release are reconciled under this new definition to their closest GAAP financial measure on pages 18 and 19.

Management believes the non-GAAP financial measures used in this press release are useful to both management and investors in their analysis of the Company's financial position, results of operations and liquidity. In particular,

management believes Adjusted Revenue Growth, Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, Adjusted Net Income Per Share and Cash Flow Before Financing are useful measures in assessing the Company's ongoing financial performance that, when reconciled to the corresponding GAAP measure, provide improved comparability between periods through the exclusion of certain items that management believes are not indicative of the Company's core operating performance and that may obscure underlying business results and trends. Management also uses these non-GAAP financial measures for internal planning and forecasting purposes.

Such non-GAAP financial measures are reconciled to the most directly comparable GAAP financial measures in the attached supplemental schedules at the end of this press release. Non-GAAP measures should not be considered in isolation or as a substitute for our reported results prepared in accordance with GAAP and, as calculated, may not be comparable to other similarly titled measures of other companies.

¹ Represents global vehicle production weighted to the geographic regions in which the Company generates its revenue ("AWM").

About Aptiv

Aptiv is a global technology company that develops safer, greener and more connected solutions enabling a more sustainable future of mobility. Visit [aptiv.com](https://www.aptiv.com).

Forward-Looking Statements

This press release, as well as other statements made by Aptiv PLC (the "Company"), contain forward-looking statements that reflect, when made, the Company's current views with respect to current events, certain investments and acquisitions and financial performance including the potential impact of the proposed acquisition of Wind River Systems, Inc. Such forward-looking statements are subject to many risks, uncertainties and factors relating to the Company's operations and business environment, which may cause the actual results of the Company to be materially different from any future results. All statements that address future operating, financial or business performance or the Company's strategies or expectations are forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the following: global and regional economic conditions, including conditions affecting the credit market; uncertainties posed by the COVID-19 pandemic and the difficulty in predicting its future course and its impact on the global economy and the Company's future operations; uncertainties created by the conflict between Ukraine and Russia, its impacts on the European and global economies and our operations in each country; fluctuations in interest rates and foreign currency exchange rates; the cyclical nature of global automotive sales and production; the potential disruptions in the supply of and changes in the competitive environment for raw material and other components integral to the Company's products, including the current semiconductor supply shortage; the

Company's ability to maintain contracts that are critical to its operations; potential changes to beneficial free trade laws and regulations such as the United States-Mexico-Canada Agreement; the ability of the Company to integrate and realize the expected benefits of recent transactions; the ability of the Company to attract, motivate and/or retain key executives; the ability of the Company to avoid or continue to operate during a strike, or partial work stoppage or slow down by any of its unionized employees or those of its principal customers; and the ability of the Company to attract and retain customers. Additional factors are discussed under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's filings with the Securities and Exchange Commission. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect the Company. It should be remembered that the price of the ordinary shares and any income from them can go down as well as up. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events and/or otherwise, except as may be required by law.

APTIV PLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions, except per share amounts)			
Net sales	\$ 4,057	\$ 3,807	\$ 8,235	\$ 7,830
Operating expenses:				
Cost of sales	3,617	3,205	7,206	6,501
Selling, general and administrative	286	266	560	521
Amortization	38	37	75	74
Restructuring	19	14	41	20
Total operating expenses	<u>3,960</u>	<u>3,522</u>	<u>7,882</u>	<u>7,116</u>
Operating income	97	285	353	714
Interest expense	(56)	(38)	(99)	(78)
Other (expense) income, net	(25)	—	(64)	1
Income before income taxes and equity loss	16	247	190	637
Income tax expense	(16)	(28)	(37)	(76)
Income before equity loss	—	219	153	561
Equity loss, net of tax	(72)	(53)	(135)	(95)
Net (loss) income	(72)	166	18	466
Net (loss) income attributable to noncontrolling interest	(27)	3	(26)	8
Net (loss) income attributable to Aptiv	(45)	163	44	458
Mandatory convertible preferred share dividends	(16)	(16)	(32)	(32)
Net (loss) income attributable to ordinary shareholders	<u>\$ (61)</u>	<u>\$ 147</u>	<u>\$ 12</u>	<u>\$ 426</u>
Diluted net (loss) income per share:				
Diluted net (loss) income per share attributable to ordinary shareholders	<u>\$ (0.23)</u>	<u>\$ 0.54</u>	<u>\$ 0.04</u>	<u>\$ 1.57</u>
Weighted average number of diluted shares outstanding	<u>270.93</u>	<u>271.06</u>	<u>271.11</u>	<u>271.10</u>

APTIV PLC
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2022 (Unaudited)	December 31, 2021
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,670	\$ 3,139
Accounts receivable, net	3,028	2,784
Inventories	2,362	2,014
Other current assets	498	499
Total current assets	<u>10,558</u>	<u>8,436</u>
Long-term assets:		
Property, net	3,211	3,294
Operating lease right-of-use assets	414	383
Investments in affiliates	1,863	1,797
Intangible assets, net	876	964
Goodwill	2,392	2,511
Other long-term assets	594	622
Total long-term assets	<u>9,350</u>	<u>9,571</u>
Total assets	<u>\$ 19,908</u>	<u>\$ 18,007</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 17	\$ 8
Accounts payable	2,749	2,953
Accrued liabilities	1,253	1,246
Total current liabilities	<u>4,019</u>	<u>4,207</u>
Long-term liabilities:		
Long-term debt	6,433	4,059
Pension benefit obligations	421	440
Long-term operating lease liabilities	334	304
Other long-term liabilities	419	436
Total long-term liabilities	<u>7,607</u>	<u>5,239</u>
Total liabilities	<u>11,626</u>	<u>9,446</u>
Commitments and contingencies		
Total Aptiv shareholders' equity	8,099	8,347
Noncontrolling interest	183	214
Total shareholders' equity	<u>8,282</u>	<u>8,561</u>
Total liabilities and shareholders' equity	<u>\$ 19,908</u>	<u>\$ 18,007</u>

APTIV PLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2022	2021
	(in millions)	
Cash flows from operating activities:		
Net income	\$ 18	\$ 466
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	384	390
Restructuring expense, net of cash paid	10	(28)
Deferred income taxes	(5)	4
Loss from equity method investments, net of dividends received	135	99
Other charges related to Ukraine/Russia conflict	54	—
Other, net	66	88
Changes in operating assets and liabilities:		
Accounts receivable, net	(244)	160
Inventories	(358)	(501)
Accounts payable	(150)	23
Other, net	(8)	(140)
Pension contributions	(9)	(12)
Net cash (used in) provided by operating activities	<u>(107)</u>	<u>549</u>
Cash flows from investing activities:		

Capital expenditures	(454)	(261)
Proceeds from sale of property	3	2
Cost of business acquisitions and other transactions, net of cash acquired	(220)	(45)
Proceeds from sale of technology investments	3	—
Cost of technology investments	(41)	(1)
Settlement of derivatives	4	(9)
Net cash used in investing activities	<u>(705)</u>	<u>(314)</u>
Cash flows from financing activities:		
Decrease in other short and long-term debt, net	(2)	(20)
Proceeds from issuance of senior notes, net of issuance costs	2,472	—
Fees related to modification of debt agreements	—	(6)
Dividend payments of consolidated affiliates to minority shareholders	(8)	—
Distribution of mandatory convertible preferred share cash dividends	(32)	(32)
Taxes withheld and paid on employees' restricted share awards	(36)	(45)
Net cash provided by (used in) financing activities	<u>2,394</u>	<u>(103)</u>
Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash	<u>(25)</u>	<u>(7)</u>
Increase in cash, cash equivalents and restricted cash	1,557	125
Cash, cash equivalents and restricted cash at beginning of the period	3,139	2,853
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 4,696</u>	<u>\$ 2,978</u>

Reconciliation of cash, cash equivalents and restricted cash and cash classified as assets held for sale

	June 30,	
	2022	2021
	(in millions)	
Cash, cash equivalents and restricted cash	\$ 4,670	\$ 2,978
Cash classified as assets held for sale	26	—
Total cash, cash equivalents and restricted cash	<u>\$ 4,696</u>	<u>\$ 2,978</u>

APTIV PLC FOOTNOTES (Unaudited)

1. Segment Summary

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	%	2022	2021	%
	(in millions)			(in millions)		
<u>Net Sales</u>						
Signal and Power Solutions	\$ 3,039	\$ 2,846	7 %	\$ 6,145	\$ 5,868	5 %
Advanced Safety and User Experience	1,026	970	6 %	2,108	1,981	6 %
Eliminations and Other (a)	(8)	(9)		(18)	(19)	
Net Sales	<u>\$ 4,057</u>	<u>\$ 3,807</u>		<u>\$ 8,235</u>	<u>\$ 7,830</u>	
<u>Adjusted Operating Income (Loss)</u>						
Signal and Power Solutions	\$ 243	\$ 313	(22) %	\$ 551	\$ 719	(23) %
Advanced Safety and User Experience	(30)	25	(220) %	(14)	93	(115) %
Adjusted Operating Income	<u>\$ 213</u>	<u>\$ 338</u>		<u>\$ 537</u>	<u>\$ 812</u>	

(a) Eliminations and Other includes the elimination of inter-segment transactions.

2. Weighted Average Number of Diluted Shares Outstanding

The following table illustrates the weighted average shares outstanding used in calculating basic and diluted net income (loss) per share attributable to ordinary shareholders for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions, except per share amounts)			
Weighted average ordinary shares outstanding, basic	270.93	270.49	270.86	270.40
Dilutive shares related to RSUs	—	0.57	0.25	0.70
Weighted average ordinary shares outstanding, including dilutive shares	270.93	271.06	271.11	271.10
Net (loss) income per share attributable to ordinary shareholders:				
Basic	\$ (0.23)	\$ 0.54	\$ 0.04	\$ 1.58
Diluted	\$ (0.23)	\$ 0.54	\$ 0.04	\$ 1.57

APTIV PLC RECONCILIATION OF NON-GAAP MEASURES (Unaudited)

In this press release the Company has provided information regarding certain non-GAAP financial measures, including "Adjusted Revenue Growth," "Adjusted Operating Income," "Adjusted EBITDA," "Adjusted Net Income," "Adjusted Net Income Per Share" and "Cash Flow Before Financing." Such non-GAAP financial measures are reconciled to their closest GAAP financial measure in the following schedules.

Effective on January 1, 2022, the Company now excludes amortization expense of intangible assets from the calculation of Adjusted Operating Income, Adjusted Net Income and Adjusted Net Income Per Share. Financial results reported in this release for both the current and historical period have been prepared under this new definition and are reconciled as such in the tables below.

Adjusted Revenue Growth : Adjusted Revenue Growth is presented as a supplemental measure of the Company's financial performance which management believes is useful to investors in assessing the Company's ongoing financial performance that, when reconciled to the corresponding U.S. GAAP measure, provides improved comparability between periods through the exclusion of certain items that management believes are not indicative of the Company's core operating performance and which may obscure underlying business results and trends. Our management utilizes Adjusted Revenue Growth in its financial decision making process, to evaluate performance of the Company and for internal reporting, planning and forecasting purposes. Adjusted Revenue Growth is defined as the year-over-year change in reported net sales relative to the comparable period, excluding the impact on net sales from currency exchange, commodity movements, acquisitions, divestitures and other transactions. Not all companies use identical calculations of Adjusted Revenue Growth, therefore this presentation may not be comparable to other similarly titled measures of other companies.

	Three Months Ended June 30, 2022
Reported net sales % change	7 %
Less: foreign currency exchange and commodities	(2) %
Adjusted revenue growth	9 %
	Six Months Ended June 30, 2022
Reported net sales % change	5 %
Less: foreign currency exchange and commodities	(1) %
Adjusted revenue growth	6 %

Adjusted Operating Income : Adjusted Operating Income is presented as a supplemental measure of the Company's financial performance which management believes is useful to investors in assessing the Company's ongoing financial performance that, when reconciled to the corresponding U.S. GAAP measure, provides improved comparability between periods through the exclusion of certain items that management

believes are not indicative of the Company's core operating performance and which may obscure underlying business results and trends. Our management utilizes Adjusted Operating Income in its financial decision making process, to evaluate performance of the Company and for internal reporting, planning and forecasting purposes. Management also utilizes Adjusted Operating Income as the key performance measure of segment income or loss and for planning and forecasting purposes to allocate resources to our segments, as management also believes this measure is most reflective of the operational profitability or loss of our operating segments. Adjusted Operating Income is defined as net income (loss) before interest expense, other income (expense), net, income tax (expense) benefit, equity income (loss), net of tax, amortization, restructuring and other special items. Not all companies use identical calculations of Adjusted Operating Income, therefore this presentation may not be comparable to other similarly titled measures of other companies. Operating income margin represents Operating income as a percentage of net sales, and Adjusted Operating Income margin represents Adjusted Operating Income as a percentage of net sales.

Consolidated Adjusted Operating Income

	Three Months Ended June 30,		Six Months Ended June 30,					
	2022	2021	2022	2021				
	(\$ in millions)							
	\$	Margin	\$	Margin	\$	Margin	\$	Margin
Net (loss) income attributable to Aptiv	\$ (45)		\$ 163		\$ 44		\$ 458	
Interest expense	56		38		99		78	
Other expense (income), net	25		—		64		(1)	
Income tax expense	16		28		37		76	
Equity loss, net of tax	72		53		135		95	
Net (loss) income attributable to noncontrolling interest	(27)		3		(26)		8	
Operating income	\$ 97	2.4 %	\$ 285	7.5 %	\$ 353	4.3 %	\$ 714	9.1 %
Amortization	38		37		75		74	
Restructuring	19		14		41		20	
Other acquisition and portfolio project costs	2		2		11		4	
Asset impairments	3		—		3		—	
Other charges related to Ukraine/Russia conflict	54		—		54		—	
Adjusted operating income	\$ 213	5.3 %	\$ 338	8.9 %	\$ 537	6.5 %	\$ 812	10.4 %

Segment Adjusted Operating Income (Loss) (in millions)

	Signal and Power Solutions		Advanced Safety and User Experience		Total
	\$	Margin	\$	Margin	
Three Months Ended June 30, 2022					
Operating income (loss)	\$ 136		\$ (39)		\$ 97
Amortization	37		1		38
Restructuring	13		6		19
Other acquisition and portfolio project costs	—		2		2
Asset impairments	3		—		3
Other charges related to Ukraine/Russia conflict	54		—		54
Adjusted operating income (loss)	\$ 243		\$ (30)		\$ 213
Depreciation and amortization (a)	\$ 148		\$ 45		\$ 193
Three Months Ended June 30, 2021					
Operating income	\$ 265		\$ 20		\$ 285
Amortization	36		1		37
Restructuring	11		3		14
Other acquisition and portfolio project costs	1		1		2
Adjusted operating income	\$ 313		\$ 25		\$ 338
Depreciation and amortization (a)	\$ 153		\$ 44		\$ 197

Advanced Safety

	Signal and Power Solutions	Advanced Safety and User Experience	Total
Six Months Ended June 30, 2022			
Operating income (loss)	\$ 393	\$ (40)	\$ 353
Amortization	72	3	75
Restructuring	22	19	41
Other acquisition and portfolio project costs	7	4	11
Asset impairments	3	—	3
Other charges related to Ukraine/Russia conflict	54	—	54
Adjusted operating income (loss)	\$ 551	\$ (14)	\$ 537
Depreciation and amortization (a)	\$ 294	\$ 90	\$ 384
Six Months Ended June 30, 2021			
Operating income	\$ 637	\$ 77	\$ 714
Amortization	71	3	74
Restructuring	9	11	20
Other acquisition and portfolio project costs	2	2	4
Adjusted operating income	\$ 719	\$ 93	\$ 812
Depreciation and amortization (a)	\$ 302	\$ 88	\$ 390

(a) Includes asset impairments.

Adjusted EBITDA : Adjusted EBITDA is presented as a supplemental measure of the Company's financial performance which management believes is useful to investors in assessing the Company's ongoing financial performance that, when reconciled to the corresponding U.S. GAAP measure, provides improved comparability between periods through the exclusion of certain items that management believes are not indicative of the Company's core operating performance and which may obscure underlying business results and trends. Our management utilizes Adjusted EBITDA in its financial decision making process, to evaluate performance of the Company and for internal reporting, planning and forecasting purposes. Adjusted EBITDA is defined as net income (loss) before depreciation and amortization (including asset impairments), interest expense, income tax (expense) benefit, other income (expense), net, equity income (loss), net of tax, restructuring and other special items. Not all companies use identical calculations of Adjusted EBITDA, therefore this presentation may not be comparable to other similarly titled measures of other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Net (loss) income attributable to Aptiv	\$ (45)	\$ 163	\$ 44	\$ 458
Interest expense	56	38	99	78
Income tax expense	16	28	37	76
Net (loss) income attributable to noncontrolling interest	(27)	3	(26)	8
Depreciation and amortization	193	197	384	390
EBITDA	\$ 193	\$ 429	\$ 538	\$ 1,010
Other expense (income), net	25	—	64	(1)
Equity loss, net of tax	72	53	135	95
Restructuring	19	14	41	20
Other acquisition and portfolio project costs	2	2	11	4
Other charges related to Ukraine/Russia conflict	54	—	54	—
Adjusted EBITDA	\$ 365	\$ 498	\$ 843	\$ 1,128

Adjusted Net Income and Adjusted Net Income Per Share : Adjusted Net Income and Adjusted Net Income Per Share, which are non-GAAP measures, are presented as supplemental measures of the Company's financial performance which management believes are useful to investors in assessing the Company's ongoing financial performance that, when reconciled to the corresponding U.S. GAAP measure, provide improved comparability between periods through the exclusion of certain items that management believes are not indicative of the Company's core operating performance and which may obscure underlying business results and trends. Management utilizes Adjusted Net Income and Adjusted Net

Income Per Share in its financial decision making process, to evaluate performance of the Company and for internal reporting, planning and forecasting purposes. Adjusted Net Income is defined as net income (loss) attributable to Aptiv before amortization, restructuring and other special items, including the tax impact thereon. Adjusted Net Income Per Share is defined as Adjusted Net Income divided by the Adjusted Weighted Average Number of Diluted Shares Outstanding, as reconciled below, for the period. Not all companies use identical calculations of Adjusted Net Income and Adjusted Net Income Per Share, therefore this presentation may not be comparable to other similarly titled measures of other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions, except per share amounts)			
Net (loss) income attributable to ordinary shareholders	\$ (61)	\$ 147	\$ 12	\$ 426
Mandatory convertible preferred share dividends	16	16	32	32
Net (loss) income attributable to Aptiv	(45)	163	44	458
Adjusting items:				
Amortization	38	37	75	74
Restructuring	19	14	41	20
Other acquisition and portfolio project costs	2	2	11	4
Asset impairments	3	—	3	—
Other charges related to Ukraine/Russia conflict (a)	29	—	29	—
Debt modification costs	—	1	—	1
Transaction and related costs associated with acquisitions	2	—	2	—
Loss (gain) on change in fair value of publicly traded equity securities	17	(9)	49	(9)
Tax impact of adjusting items (b)	(3)	(6)	(12)	(13)
Adjusted net income attributable to Aptiv	\$ 62	\$ 202	\$ 242	\$ 535
Adjusted weighted average number of diluted shares outstanding (c)	283.30	283.43	283.48	283.47
Diluted net (loss) income per share attributable to ordinary shareholders	\$ (0.23)	\$ 0.54	\$ 0.04	\$ 1.57
Adjusted net income per share	\$ 0.22	\$ 0.71	\$ 0.85	\$ 1.89

- (a) Adjustment is reduced by the portion of charges attributable to noncontrolling interest for our majority owned Russian subsidiary.
- (b) Represents the income tax impacts of the adjustments made for amortization, restructuring and other special items by calculating the income tax impact of these items using the appropriate tax rate for the jurisdiction where the charges were incurred.
- (c) In June 2020, the Company issued \$1,150 million in aggregate liquidation preference of 5.50% Mandatory Convertible Preferred Shares (the "MCPS") and received proceeds of \$1,115 million, after deducting expenses and the underwriters' discount of \$35 million. Dividends on the MCPS are payable on a cumulative basis at an annual rate of 5.50% on the liquidation preference of \$100 per share. Unless earlier converted, each share of MCPS will automatically convert on June 15, 2023 into between 1.0754 and 1.3173 shares of Aptiv's ordinary shares, subject to further anti-dilution adjustments. For purposes of calculating Adjusted Net Income Per Share, the Company has excluded the anticipated MCPS cash dividends and assumed the "if-converted" method of share dilution (the incremental ordinary shares deemed outstanding applying the "if-converted" method of calculating share dilution are referred to as the "Weighted average MCPS Converted Shares" in the following table). The Adjusted Weighted Average Number of Diluted Shares Outstanding calculated below, assumes the conversion of all 11.5 million MCPS and issuance of the underlying ordinary shares applying the "if-converted" method on a weighted average outstanding basis for all periods subsequent to issuance of the MCPS. We believe that using the "if-converted" method provides additional insight to investors on the potential impact of the MCPS once they are converted into ordinary shares no later than June 15, 2023.

Adjusted Weighted Average Number of Diluted Shares Outstanding:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Weighted average number of diluted shares outstanding	270.93	271.06	271.11	271.10

Weighted average MCPS Converted Shares	<u>12.31</u>	<u>12.31</u>	<u>12.31</u>	<u>12.31</u>
Adjusted weighted average number of diluted shares outstanding	283.30	283.43	283.48	283.47

Cash Flow Before Financing : Cash Flow Before Financing is presented as a supplemental measure of the Company's liquidity which is consistent with the basis and manner in which management presents financial information for the purpose of making internal operating decisions, evaluating its liquidity and determining appropriate capital allocation strategies. Management believes this measure is useful to investors to understand how the Company's core operating activities generate and use cash. Cash Flow Before Financing is defined as cash provided by (used in) operating activities plus cash provided by (used in) investing activities, adjusted for the purchase price of business acquisitions and other transactions, the cost of significant technology investments and net proceeds from the divestiture of discontinued operations and other significant businesses. Not all companies use identical calculations of Cash Flow Before Financing, therefore this presentation may not be comparable to other similarly titled measures of other companies. The calculation of Cash Flow Before Financing does not reflect cash used to service debt, pay dividends or repurchase shares and, therefore, does not necessarily reflect funds available for investment or other discretionary uses.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Cash flows from operating activities:				
Net (loss) income	\$ (72)	\$ 166	\$ 18	\$ 466
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:				
Depreciation and amortization	193	197	384	390
Restructuring expense, net of cash paid	3	(3)	10	(28)
Working capital	(185)	(205)	(752)	(318)
Pension contributions	(5)	(6)	(9)	(12)
Other, net	161	148	242	51
Net cash provided by (used in) operating activities	<u>95</u>	<u>297</u>	<u>(107)</u>	<u>549</u>
Cash flows from investing activities:				
Capital expenditures	(207)	(127)	(454)	(261)
Cost of business acquisitions and other transactions, net of cash acquired	—	(45)	(220)	(45)
Proceeds from sale of technology investments	1	—	3	—
Cost of technology investments	(40)	(1)	(41)	(1)
Settlement of derivatives	5	(8)	4	(9)
Other, net	1	1	3	2
Net cash used in investing activities	<u>(240)</u>	<u>(180)</u>	<u>(705)</u>	<u>(314)</u>
Adjusting items:				
Adjustment for cost of business acquisitions and other transactions, net of cash acquired	—	45	220	45
Adjustment for cost of significant technology investments	40	—	40	—
Cash flow before financing	<u>\$ (105)</u>	<u>\$ 162</u>	<u>\$ (552)</u>	<u>\$ 280</u>

Financial Guidance : The reconciliation of the forward-looking non-GAAP financial measures provided in the Company's financial guidance to the most comparable forward-looking GAAP measure is as follows:

Estimated Full Year
2022 (1)
(\$ in millions)

Adjusted Operating Income

	\$	Margin (2)
Net income attributable to Aptiv	630	
Interest expense	212	
Other expense, net	52	
Income tax expense	135	
Equity loss, net of tax	269	
Net loss attributable to noncontrolling interest	(18)	
Operating income	<u>1,280</u>	<u>7.5 %</u>
Amortization	148	
Restructuring	102	
Other acquisition and portfolio project costs	13	
Asset impairments	3	
Other charges related to Ukraine/Russia conflict	54	
Adjusted operating income	<u><u>1,600</u></u>	<u><u>9.3 %</u></u>

Adjusted EBITDA

Net income attributable to Aptiv	630	
Interest expense	212	
Income tax expense	135	
Net loss attributable to noncontrolling interest	(18)	
Depreciation and amortization	786	
EBITDA	<u>1,745</u>	<u>10.2 %</u>
Other expense, net	52	
Equity loss, net of tax	269	
Restructuring	102	
Other acquisition and portfolio project costs	13	
Other charges related to Ukraine/Russia conflict	54	
Adjusted EBITDA	<u><u>2,235</u></u>	<u><u>13.0 %</u></u>

(1) Prepared at the estimated mid-point of the Company's financial guidance range.

(2) Represents operating income, Adjusted Operating Income, EBITDA and Adjusted EBITDA, respectively, as a percentage of estimated net sales.

Adjusted Net Income Per Share

	Estimated Full Year 2022 (1)	
	(\$ and shares in millions, except per share amounts)	
Net income attributable to ordinary shareholders	\$	567
Mandatory convertible preferred share dividends		63
Net income attributable to Aptiv		<u>630</u>
Adjusting items:		
Amortization		148
Restructuring		102
Other acquisition and portfolio project costs		13
Asset impairments		3
Other charges related to Ukraine/Russia conflict		29
Transaction costs associated with acquisitions		2
Loss on change in fair value of publicly traded equity securities		49
Tax impact of adjusting items		(40)
Adjusted net income attributable to Aptiv	<u>\$</u>	<u>936</u>
Adjusted weighted average number of diluted shares outstanding		<u>283.58</u>
Diluted net income per share attributable to ordinary shareholders	<u>\$</u>	<u>2.09</u>
Adjusted net income per share	<u>\$</u>	<u>3.30</u>

(1) Prepared at the estimated mid-point of the Company's financial guidance range.

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