UL Solutions Inc.
Investor Presentation

June 2024

Safety. Science. Transformation.™

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Forward looking statements

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, about UL Solutions' (the "Company") financial results and estimates and business prospects that involve substantial risks and uncertainties. You can identify these statements by the use of words such as “may,” “will,” “should,” “would,” “likely,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” “continue” and variations of these terms and similar expressions, or the negative of these terms or similar expressions in connection with any discussion of future operating or financial performance or business plans or prospects. Factors that could cause actual results to differ materially include, but are not limited to, the following: falsification of or tampering with our reports or certificates; increases in self-certification of products in industries in which we provide services or corresponding decreases in third-party certifications; any conflict of interest or perceived conflict of interest between our testing, inspection and certification services and our enterprise and advisory services; increased competition in industries in which we participate; ineffectiveness of our portfolio management techniques and strategies; adverse market conditions or adverse changes in the political, social or legal condition in the markets in which we operate; failure to effectively implement our growth strategies and initiatives; increased government regulation of industries in which we operate; adverse government actions in respect of our operations, including enforcement actions related to environmental, health and safety matters; failure to retain and increase capacity at our existing facilities or build new facilities in a timely and cost-effective manner; failure to comply with applicable laws and regulations in each jurisdiction in which we operate, including environmental laws and regulations; fluctuations in foreign currency exchange rates; imposition of or increases in customs duties and other tariffs; deterioration of relations between the United States and countries in which we operate, including China; changes in labor regulations in jurisdictions in which we operate; changes in labor relations and unionization efforts by our employees; failure to recruit, attract and retain key employees, including through the implementation of diversity, equity and inclusion initiatives, and the succession of senior management; failure to recruit, attract and retain sufficient qualified personnel to meet our customers' needs; past and future acquisitions, joint ventures, investments and other strategic initiatives; increases in raw material prices, fuel prices and other operating costs; changes in services we deliver or products we use; inability to develop new solutions or the occurrence of defects, failures or delay with new and existing solutions; increase in uninsured losses; ineffectiveness of deficiencies in our enterprise risk management program; volatility in credit markets or changes in our credit rating; actions of our employees, agents, subcontractors, vendors and other business partners; failure to maintain relationships with our customers, vendors and business partners; consolidation of our customers and vendors; disruptions in our global supply chain; changes in access to data from external sources; pending and future litigation, including in respect of our testing, inspection and certification services; allegations concerning our failure to properly perform our offered services; changes in the regulatory environment for our industry or the industries of our customers; delays in obtaining, failure to obtain or the withdrawal or revocation of our licenses, approvals or other authorizations; changes in our accreditations, approvals, permits or delegations of authority; issues with the integrity of our data or the databases upon which we rely; failure to manage our SaaS hosting network infrastructure capacity or disruptions in such infrastructure; cybersecurity incidents and other technology disruptions; risks associated with intellectual property, including potential infringement; compliance with agreements and instruments governing our indebtedness and the incurrence of new indebtedness; interest rate increases; volatility in the price of our Class A common stock; actions taken by, and control exercised by, ULSE Inc.; ineffectiveness in, or failure to maintain, our internal control over financial reporting; negative publicity or changes in industry reputation; changes in tax laws and regulations, resolution of tax disputes or imposition of audit examinations; failure to generate sufficient cash to service our indebtedness; constraints imposed on our ability to operate our business or make necessary capital investments due to our outstanding indebtedness; natural disasters and other catastrophic events, including pandemics and the rapid spread of contagious illnesses, such as new variants of COVID-19; and other risks discussed in our filings with the Securities and Exchange Commission. Changes in such assumptions or factors could produce materially different results. A further description of these and other factors is located in the section entitled “Risk Factors” in our Quarterly Report on Form 10-Q for the first quarter of 2024 and in our subsequent Quarterly Reports and Current Reports. The information contained in this presentation is as of the date indicated. The Company assumes no obligation to update any forward-looking statements contained in this presentation as a result of new information or future events or developments.

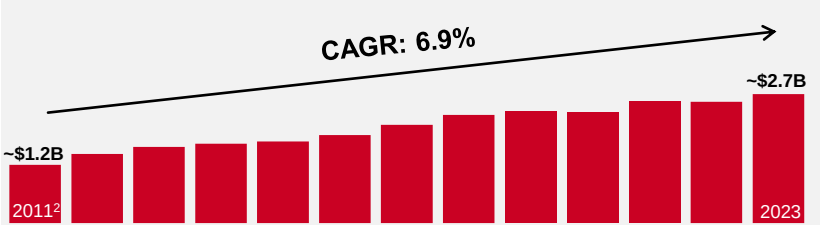
Non-GAAP Measures

In addition to financial measures based on generally accepted accounting principles in the United States ("U.S. GAAP"), this presentation includes supplemental non-GAAP financial information. Management uses non-GAAP measures in addition to GAAP measures to understand and compare operating results across periods and for forecasting and other purposes, including Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income, Adjusted Net Income margin, Free Cash Flow, Free Cash Flow margin, and Net Leverage. Management believes these non-GAAP measures reflect results in a manner that enables, in some instances, more meaningful analysis of trends and facilitates comparison of results across periods. These non-GAAP financial measures have no standardized meaning presented in U.S. GAAP and may not be comparable to other similarly titled measures used by other companies due to potential differences between the companies in calculations. The use of these non-GAAP measures has limitations and they should not be considered as substitutes for measures of financial performance and financial position as prepared in accordance with GAAP. Reconciliations and definitions are included in the appendix to this presentation.

UL Solutions overview

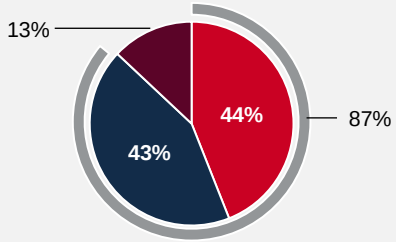
- A leading global business services company focused on independent testing, inspection and certification (TIC)
- Dedicated to safety science since 1894[1]
- Strong brand recognition and differentiation through engineering and safety sciences
- The UL Mark is recognized as one of the most iconic symbols of safety in the world

Constant and Attractive Revenue Growth (2011-2023)

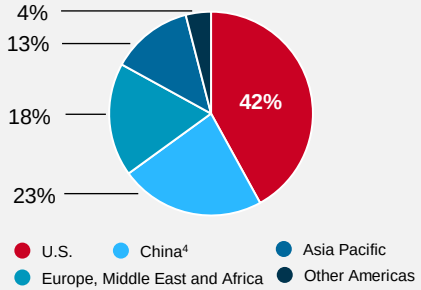


Revenue Breakdown (2023)

Segments



Customer Geographies[3]



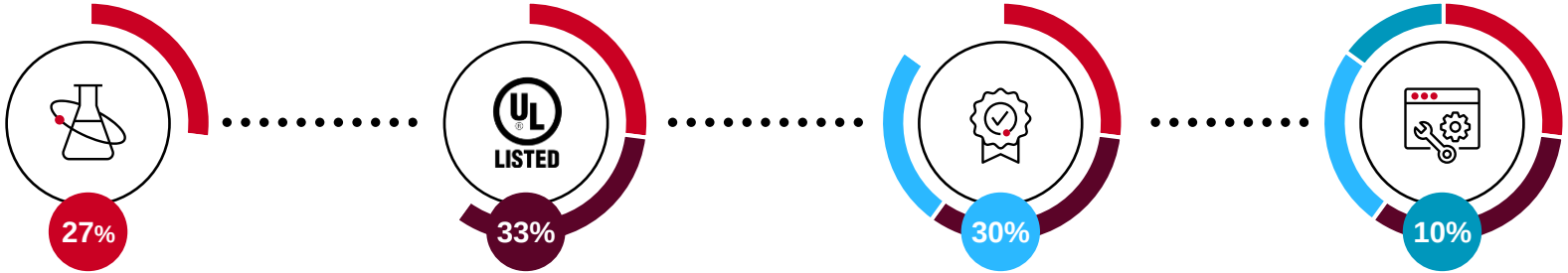
Four Major Service Categories

- Certification testing 27%
- Non-certification testing and other services 30%
- Ongoing certification services 33%
- Software 10%

[1] As part of the nonprofit Underwriters' Electrical Bureau, a predecessor to Underwriters Laboratories and UL Solutions.
[2] Revenue for 2011 includes $81 million for UL-CCIC Company Limited, a joint venture interest of UL Solutions that was originally reported using the equity method of accounting.
[3] Revenue by geography shows breakdown by customer location.
[4] Represents revenue from Greater China – mainland China, Hong Kong and Taiwan.

UL Solutions has an integrated service portfolio

High percentage of recurring revenue and differentiated value proposition



Certification testing

- Industry standards, regulatory requirements and other specifications
- Safety certification services

Ongoing certification services

- Monitoring
- UL Mark integrity
- Field inspections, labels

Non-certification testing and other services

- Performance testing
- Wireless, electromagnetic compatibility (EMC), wind energy
- ESG guidance

Software

- SaaS and license-based solutions
- Regulatory, supply chain and sustainability solutions

Note: Percentage of revenue based on fiscal year ended December 31, 2023, revenue.

UL Solutions is a global leader

with #1 product TIC market share (by revenue)[1]

Global TIC market

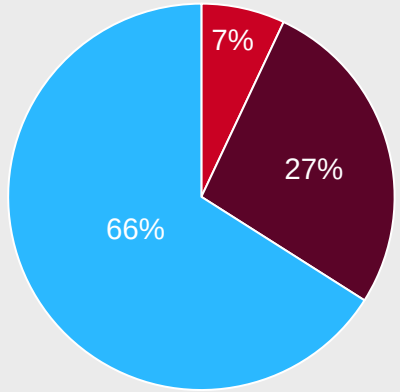
~$240B

~$38B
Product TIC

~$61B
Nonproduct TIC

~$142B
Insourced TIC
(product and nonproduct)

$38B
Global product TIC market



1. Mission-driven growth company
2. Dedicated to applied safety science and ESG
3. Long-term customer relationships — reinforced by our iconic UL Mark — provide recurring revenue streams
4. Global scale and operating leverage
5. Healthy balance sheet and disciplined capital allocation strategy

Source: 2022 market data based on UL Solutions estimates.
[1] Outsourced product TIC market.

Segment overview

Strong fundamentals drive growth in all segments

	Testing, Inspection and Certification		
	Industrial	**Consumer**	**Software and Advisory**
Primary end markets	Power and energy products, industrial automation, materials and plastics, built environment products	Consumer products and electronics, medical devices, electric and autonomous vehicles, retail	Industrial and Consumer customers
2023 revenue	**$1,146M**	**$1,172M**	**$360M**
2023 Adjusted EBITDA[1] | Margin	**$347M | 30%**	**$159M | 14%**	**$57M | 16%**
Key market opportunities	• Energy transition • Industrial equipment IOT • Building and asset sustainability • Materials transparency • Product cyber vulnerabilities • AI-enabled simulation	• Product sustainability • Embedded software • Electric/autonomous vehicles • Human health • Global market access • AI-enabled anomaly detection	• Regulatory compliance • Supply chain risks • ESG and sustainability • Energy transition • AI-enabled features

Outsourced product TIC market is expected to grow at a 5 – 6% CAGR from 2022-2026[2]

[1] Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Refer to reconciliations and definitions in Appendix.
[2] 2022 – 2026 CAGR based on management estimates of outsourced product TIC market, weighted to UL Solutions' current operations.

Megatrends driving growth



Energy Transition



New Mobility



Sustainability and ESG



New Technology, Connectivity and Digitalization



Supply Chain Risks



Regulatory Compliance

Industrial segment overview

$1,146M
2023 revenue

43%
UL Solutions 2023 revenue

30%
2023 Adjusted EBITDA margin[1]

9.8%
2023 revenue growth

10.1%
2023 organic growth [2]

9.3%
Q1 2024 revenue growth

10.0%
Q1 2024 organic growth [2]

Markets



Energy and Automation

Power, automation and electrical products, renewable energy, and large batteries used in industrial, energy, utility and automotive applications



Materials

Wire, cable and plastics used in industrial and consumer electrical products and the built environment



Building Products

Building materials, and life safety and security products used in the built environment



Cybersecurity

Transaction and internet of things (IOT) products where cybersecurity is vital and demand drivers are strong

[1] Adjusted EBITDA margin is a non-GAAP measure. Refer to reconciliation and definition in Appendix.
[2] Refer to definition of Organic in the Appendix

Consumer segment overview

$1,172M
2023 revenue

44%
UL Solutions 2023 revenue

14%
2023 Adjusted EBITDA margin[1]

3.9%
2023 revenue growth

4.3%
2023 organic growth[2]

4.0%
Q1 2024 revenue growth

5.8%
Q1 2024 organic growth[2]

Markets



Consumer Technology

Consumer electronics, IT equipment, medical devices and components such as rechargeable batteries and power supplies



Mobility

Electric and autonomous vehicles, and critical software and systems used in medical, aerospace and defense applications



Appliances, HVAC and Lighting

Appliance, HVAC, lighting products and components such as motors, switches and controls



Retail

Consumer products, including hardlines, softlines, health, beauty and wellness products sold through traditional and online retailers

[1] Adjusted EBITDA margin is a non-GAAP measure. Refer to reconciliation and definition in Appendix.
[2] Refer to definition of Organic in the Appendix.

Software and Advisory segment overview

$360M
2023 revenue

13%
UL Solutions 2023 revenue

16%
2023 Adjusted EBITDA margin[1]

3.4%
2023 revenue growth

2.9%
2023 organic growth[2]

6.0%
Q1 2024 revenue growth

4.8%
Q1 2024 organic growth[2]



Software and advisory solutions to help customers meet regulatory, supply chain and sustainability challenges

[1] Adjusted EBITDA margin is a non-GAAP measure. Refer to reconciliation and definition in Appendix.
[2] Refer to definition of Organic in the Appendix.

Key attributes of our financial model



Stable base of recurring revenue

- Stable, predictable revenue streams that are resilient
- 99% customer retention in 2023[1] for the 500 largest customers from 2022[3]

Constant revenue growth

- Market leading Revenue CAGR from 2011[2] – 2023:
  - – >80,000 customers[1]
  - – More than 35 industry verticals

Strong free cash flow generation

- Consistent operating margins
- Tight working capital management and tax planning
- Disciplined capital allocation

Healthy balance sheet

- Conservative leverage profile
- Flexibility and capacity for strategic investment
- Strong liquidity

[1] Customer data as of Dec. 31, 2023.
[2] Revenue for 2011 includes $81 million for UL-CCIC Company Limited, a joint venture interest of UL Solutions that was originally reported using the equity method of accounting. Refer to slide 13 for 2011-2023 revenue.
[3] Customer retention in 2023 for the 500 largest customer accounts from each of 2019, 2020, 2021 and 2022 (“since 2019”).

Compelling financial profile

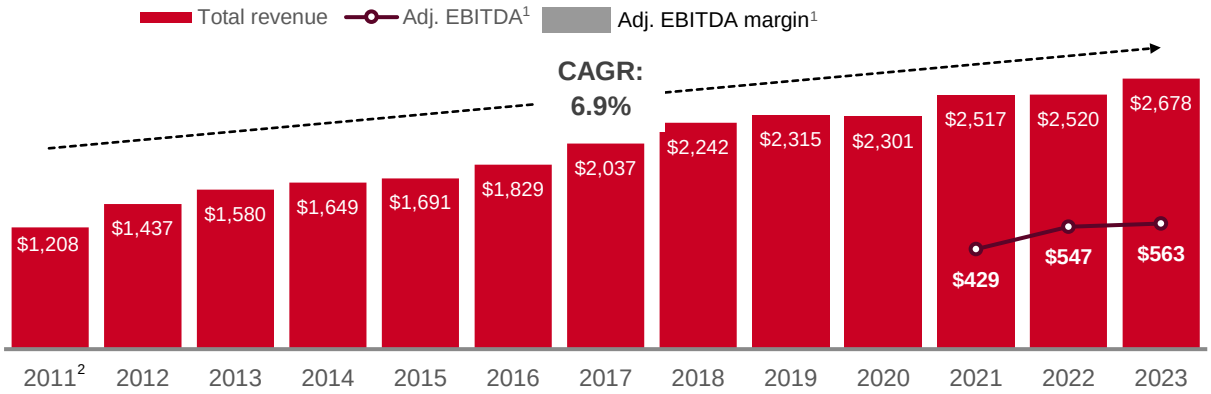


Scale	$2.7B 2023 revenue	140+ Locations across more than 35 countries[3]
Growth	6.9% 2011[1] – 2023 total revenue CAGR	55 acquisitions from 2010 – 2024 YTD to supplement strong organic drivers
Profitability	$304M | 11.4% 2023 Adjusted Net Income[2] | 2023 Adjusted Net Income margin[2]	$563M | 21.0% 2023 Adjusted EBITDA[2] | 2023 Adjusted EBITDA margin[2]
Free Cash Flow	$258M 2021 – 2023 average Free Cash Flow[2]	10% 2021 – 2023 average Free Cash Flow[2] as a % of revenue

[1] Revenue for 2011 includes $81 million for UL-CCIC Company Limited, a joint venture interest of UL Solutions that was originally reported using the equity method of accounting.
[2] Adjusted Net Income, Adjusted Net Income margin, Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow are non-GAAP measures. Refer to reconciliations and definitions in Appendix.
[3] As of Dec. 31, 2023.

UL Solutions exhibits exceptional financial momentum with strong free cash flow generation

Compelling organic growth profile with significant upside



$ in millions

	2021	2022	2023
FCF[1]	$314	$208	$252
Adjusted EBITDA margin[1]	17.0%	21.7%	21.0%
Organic Growth[3]	7.5 %	2.7%[4]	6.5%
Total Revenue Growth	9.4 %	0.1%[4]	6.3%

Strong business services financial profile

- **Long-term stable recurring revenue streams**
- **Attractive organic and total growth**
- **Strong profitability**
- **Significant, durable free cash flow**

[1] Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow are non-GAAP measures. Refer to reconciliations and definitions in Appendix.
[2] Revenue for 2011 includes $81 million for UL-CCIC Company Limited, a joint venture interest of UL Solutions that was originally reported using the equity method of accounting.
[3] Refer to definition of Organic in the Appendix.
[4] Revenue Growth in 2022 affected by revenue recognition change in estimate of (0.9)%.

Capital allocation strategy and financial policy

Capital allocation priorities

Reinvest in the business

- Organic capex to support innovation, productivity and top-line growth
- Disciplined M&A that enhances our capabilities or extends our footprint to serve customers' evolving needs

Maintain strong balance sheet

- Conservative leverage consistent with investment grade credit ratings
- Strong liquidity positions with committed, unused revolving credit facility capacity and cash

Return capital to shareholders

- Intend to pay regular dividends
- UL Solutions may consider share repurchases to offset dilution

Commitment to investment grade credit ratings and conservative target leverage

UL Solutions growth strategy



1. Pursue organic opportunities

- Increase existing and new customer wallet share
- Expand presence in new and existing product TIC markets
- Develop innovative offerings that are fueled by tailwinds

Proven results



2. Expand margin

- Automate and digitize work
- Increase utilization of people and assets
- Simplify and standardize processes and metrics

Increasing productivity



3. Be the acquirer of choice

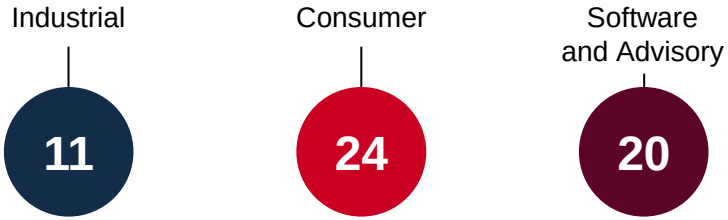
- Continue proven, value-enhancing track record of tuck-ins
- Expand service offerings into adjacent verticals, markets or technologies
- Commit capital that supports targets' long-term post-acquisition growth plans

Accelerated growth

Acquisitions are an important part of UL Solutions' growth

- **More than $1.3B deployed** towards 55 acquisitions 2010 – 2024 YTD
- **Acquisitions executed at attractive multiples** in critical end markets
- **Dedicated team** of M&A professionals focused on sourcing, evaluation and execution
- **Robust integration practice** with acquired businesses typically integrated within 12 months

Acquisitions since 2010



Select acquisitions

Platform additions	STR STR Holdings, Inc. *Quality Assurance*; The Wercs®
Adjacencies	ChemADVISOR, Inc.; AWS Truepower; KAPLAN EDUNEERING; Cimteq
Tuck-in acquisitions	cere; Healthy Buildings; HBI Healthy Buildings International; Consumer Testing Laboratories

Q1 2024 Earnings highlights

- **Completed upsized IPO and listed on April 12** (NYSE: ULS)
- **Strong Q1 2024**
  - 6.5% Revenue growth, 7.5% Organic[1]
  - 3.4% Net income growth, 13.0% Adjusted Net Income[2] increase
  - Adjusted EBITDA[2] up 18.0%
  - Megatrends continue to propel growth, led by the “Electrification of Everything”

[1] Refer to Organic definition in the Appendix.
[2] Adjusted Net Income and Adjusted EBITDA are non-GAAP measures. Refer to the Appendix to this presentation for definitions and reconciliations to the most directly comparable GAAP financial measures.



Recent updates

Industrial

Korea Battery Lab

New facility in South Korea provides evaluation, certification and analysis services tailored to EV battery systems, giving customers improved access to the latest safety technology to increase innovation and speed to market



Consumer

North America
Retail Center of Excellence

- Largest laboratory investment in the retail and consumer products sectors in our history
- 100,000-square-foot space serving North American retail industry customers



Software & Advisory

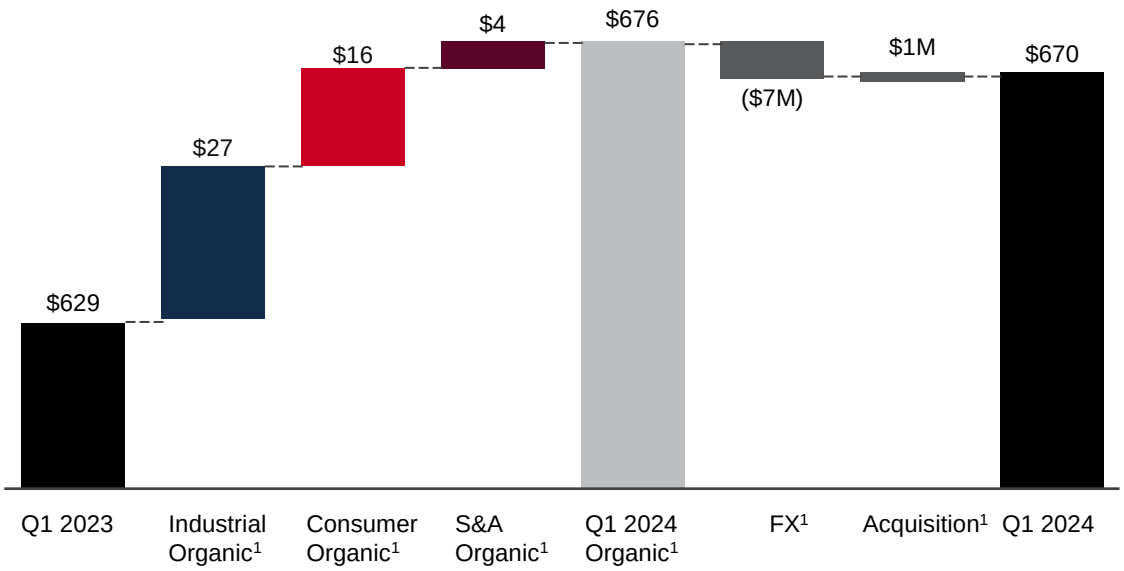
ULTRUS™

New brand that unites our flagship software to help customers meet regulatory, supply chain, and sustainability challenges

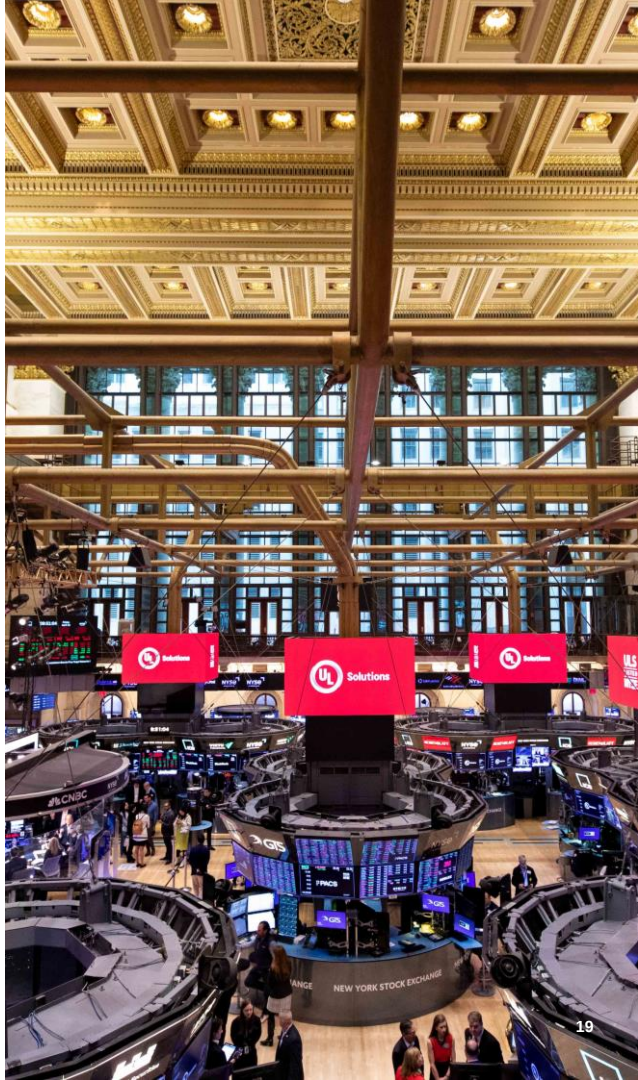


Q1 2024 Revenue +7.5% organic[1]

$ in millions



[1] Refer to Organic, FX and Acquisition definitions in Appendix.

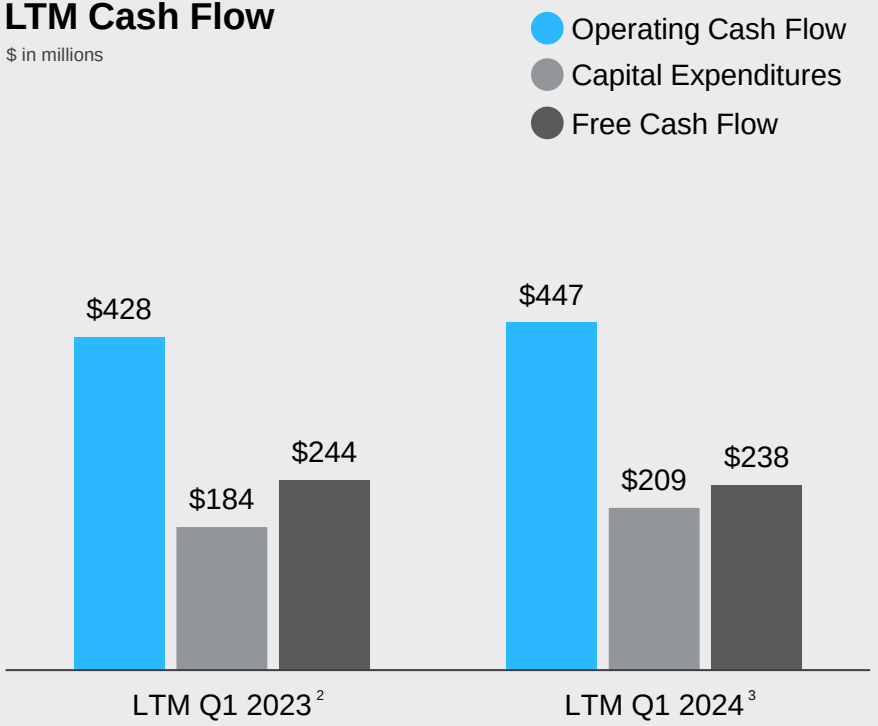


LTM Cash Flow

- Continued strong Free Cash Flow[1] generation of $84M in Q1 2024
- Significant investment in energy transition opportunities underway
- Q1 2024 long-term incentive plan payouts skews comparisons; comparable payouts occurred in Q2 2023
- Net Leverage[1] of 0.9 times net debt to trailing twelve months Adjusted EBITDA[1]

LTM Cash Flow

$ in millions



9.7%	Free Cash Flow margin[1] %	**8.8%**

[1] Free Cash Flow, Free Cash Flow margin, Adjusted EBITDA and Net Leverage are non-GAAP measures. Refer to the Appendix to this presentation for definitions and reconciliations to their most directly comparable GAAP financial measures.
[2] Last 12 months as of March 31, 2023
[3] Last 12 months as of March 31, 2024

UL Solutions

Summary

1. **Mission-driven growth company,** in the fragmented and consolidating testing, inspection and certification industry

2. **Dedication to applied safety science and ESG** underpins our reputation as a **trusted partner**

3. **Long-term customer relationships** — supported by disciplined account management and reinforced by our robust business model and iconic UL Mark — **provide recurring revenue streams**

4. **Global scale** and **operating leverage** drive opportunities to expand margins

5. **Healthy balance sheet** and **disciplined capital allocation strategy** supports organic and inorganic growth, targeting best-in-class shareholder returns

Appendix



Components of revenue change

(in millions, unless otherwise stated)	Three Months Ended March 31, 2024					
	Organic[1]	Acquisition[2]	FX[3]	Total	Organic % Change	Total % Change
Revenue change						
Industrial	$27	$1	$(3)	$25	10.0%	9.3%
Consumer	16	(1)	(4)	11	5.8%	4.0%
Software and Advisory	4	1	—	5	4.8%	6.0%
Total	$47	$1	$(7)	$41	7.5%	6.5%

[1] Organic reflects change in a given period excluding Acquisition and FX in that same year, expressed in dollars or as a percentage.
[2] Acquisition is calculated as change in a given period related to acquisitions or disposals of businesses using prior period exchange rates, expressed in dollars or as a percentage. The impact from an acquisition or disposal is measured as Acquisition for the initial twelve month period following the acquisition or disposal date. Subsequently, the impact from the acquired or disposed business is measured as Organic.
[3] FX reflects the impact that foreign currency exchange rates have in a given period, expressed in dollars or as a percentage. The Company uses constant currency to calculate by translating current period activity at prior period exchange rates, expressed in dollars or as a percentage.

Components of revenue change

(in millions, unless otherwise stated)	Twelve Months Ended December 31, 2023					
	Organic[1]	Acquisition[2]	FX[3]	Total	Organic % Change	Total % Change
Revenue change						
Industrial	$105	$4	$(7)	$102	10.1%	9.8%
Consumer	48	9	(13)	44	4.3%	3.9%
Software and Advisory	10	2	—	12	2.9%	3.4%
Total	$163	$15	$(20)	$158	6.5%	6.3%

[1] Organic reflects change in a given period excluding Acquisition and FX in that same year, expressed in dollars or as a percentage.
[2] Acquisition is calculated as change in a given period related to acquisitions or disposals of businesses using prior period exchange rates, expressed in dollars or as a percentage. The impact from an acquisition or disposal is measured as Acquisition for the initial twelve month period following the acquisition or disposal date. Subsequently, the impact from the acquired or disposed business is measured as Organic.
[3] FX reflects the impact that foreign currency exchange rates have in a given period, expressed in dollars or as a percentage. The Company uses constant currency to calculate by translating current period activity at prior period exchange rates, expressed in dollars or as a percentage.

Adjusted EBITDA and Adjusted EBITDA margin[1] [2] (Non-GAAP measure)

	Three Months Ended March 31,	
(in millions, unless otherwise stated)	**2024**	**2023**
Net income	$60	$58
Depreciation and amortization expense	41	36
Interest expense	15	8
Other expense (income), net	3	(5)
Income tax expense	13	14
Goodwill impairment	—	—
Restructuring	(1)	—
Adjusted EBITDA[1]	$131	$111
Revenue	$670	$629
Net income margin	9.0%	9.2%
Adjusted EBITDA margin[2]	19.6%	17.6%

[1] The Company defines Adjusted EBITDA as net income adjusted for depreciation and amortization expense, interest expense, other expense (income), income tax expense, as well as stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses, as applicable. The Company believes that the presentation of Adjusted EBITDA provides additional information to investors about certain non-cash items and unusual items that are not expected to continue at the same level in the future. Further, the Company believes Adjusted EBITDA provides a meaningful measure of business performance and provides a basis for comparing its performance to that of other peer companies using similar measures. There are material limitations to using Adjusted EBITDA. Adjusted EBITDA does not take into account certain significant items, including depreciation and amortization, interest expense, income tax expense, stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses which directly affects the Company's net income, as applicable. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Adjusted EBITDA in conjunction with net income as calculated in accordance with GAAP

[2] Adjusted EBITDA margin is calculated as Adjusted EBITDA as a percentage of revenue.

Adjusted EBITDA and Adjusted EBITDA margin[1] [2] (Non-GAAP measure)

	Twelve Months Ended December 31,		
(in millions, unless otherwise stated)	2023	2022	2021
Net income	$276	$309	$238
Depreciation and amortization expense	154	135	142
Interest expense	35	17	1
Other expense (income), net	(13)	12	12
Income tax expense	70	74	36
Goodwill impairment	37	–	–
Restructuring	4	–	–
Adjusted EBITDA[1]	$563	$547	$429
Revenue	$2,678	$2,520	$2,517
Net income margin	10.3%	12.3%	9.5%
Adjusted EBITDA margin[2]	21.0%	21.7%	17.0%

[1] The Company defines Adjusted EBITDA as net income adjusted for depreciation and amortization expense, interest expense, other expense (income), income tax expense, as well as stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses, as applicable. The Company believes that the presentation of Adjusted EBITDA provides additional information to investors about certain non-cash items and unusual items that are not expected to continue at the same level in the future. Further, the Company believes Adjusted EBITDA provides a meaningful measure of business performance and provides a basis for comparing its performance to that of other peer companies using similar measures. There are material limitations to using Adjusted EBITDA. Adjusted EBITDA does not take into account certain significant items, including depreciation and amortization, interest expense, income tax expense, stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses which directly affects the Company's net income, as applicable. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Adjusted EBITDA in conjunction with net income as calculated in accordance with GAAP

[2] Adjusted EBITDA margin is calculated as Adjusted EBITDA as a percentage of revenue.

Adjusted EBITDA and Adjusted EBITDA margin[1] [2] (Non-GAAP measure) by segment

(in millions, unless otherwise stated)	Twelve Months Ended March 31, 2023
Industrial	
Segment operating income	$308
Depreciation and amortization expense	38
Restructuring	1
Adjusted EBITDA[1]	347
Revenue	1,146
Operating income margin	26.9%
Adjusted EBITDA margin[2]	*30.3%*
Consumer	
Segment operating income	$45
Depreciation and amortization expense	75
Goodwill impairment	37
Restructuring	2
Adjusted EBITDA[1]	159
Revenue	1,172
Operating income margin	3.8%
Adjusted EBITDA margin[2]	*13.6%*
Software and Advisory	
Segment operating income (loss)	$15
Depreciation and amortization expense	41
Restructuring expenses	1
Adjusted EBITDA[1]	57
Revenue	360
Operating income margin	4.2%
Adjusted EBITDA margin[2]	*15.8%*

[1] See definition on previous slide.
[2] See definition on previous slide.

Adjusted Net Income and Adjusted Net Income Margin[1] [2] (Non-GAAP measure)

(in millions, unless otherwise stated)	Three Months Ended March 31, 2024	2023
Net income	$60	$58
Other expense (income), net[4]	3	(5)
Restructuring	(1)	—
Tax effect of adjustments[3]	(1)	1
Adjusted Net Income[1]	$61	$54
Revenue	$670	$629
Net income margin	9.0%	9.2%
Adjusted Net Income margin[2]	9.1%	8.6%

[1] The Company defines Adjusted Net Income as net income adjusted for other expense (income), stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses, as applicable, each net of tax. The Company believes that the presentation of Adjusted Net Income provides additional information to investors about certain non-cash items and unusual items that are expected to continue at the same level in the future. Further, the Company believes Adjusted Net Income provides a meaningful measure of business performance and provides a basis for comparing its performance to that of other peer companies using similar measures. There are material limitations to using Adjusted Net Income. Adjusted Net Income does not take into account certain significant items, including other expense (income), stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses which directly affect the Company's net income, as applicable. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Adjusted Net Income in conjunction with net income as calculated in accordance with GAAP.

[2] Adjusted Net Income margin is calculated as Adjusted Net Income as a percentage of revenue

[3] The Company computed the tax effect of adjustments to net earnings by applying the statutory tax rate in the relevant jurisdictions to the income or expense items that are adjusted in the period presented. If a valuation allowance exists, the rate applied is zero.

[4] Other expense (income), net consists primarily of non-operating gains and losses, income and expenses related to the revaluation performed on designated balance sheet accounts, gains and losses on foreign currency transactions, investment income, equity in earnings of non-consolidated affiliates and non-operating pension and postretirement benefit expenses.

Adjusted Net Income and Adjusted Net Income Margin[1] [2] (Non-GAAP measure)

(in millions, unless otherwise stated)	Twelve Months Ended December 31, 2023
Net income	$276
Other expense (income), net[4]	(13)
Goodwill impairment	37
Restructuring	4
Tax effect of adjustments[3]	–
Adjusted Net Income[1]	$304
Revenue	$2,678
Net income margin	*10.3%*
Adjusted Net Income margin[2]	*11.4%*

[1] The Company defines Adjusted Net Income as net income adjusted for other expense (income), stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses, as applicable, each net of tax. The Company believes that the presentation of Adjusted Net Income provides additional information to investors about certain non-cash items and unusual items that are expected to continue at the same level in the future. Further, the Company believes Adjusted Net Income provides a meaningful measure of business performance and provides a basis for comparing its performance to that of other peer companies using similar measures. There are material limitations to using Adjusted Net Income. Adjusted Net Income does not take into account certain significant items, including other expense (income), stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses which directly affect the Company's net income, as applicable. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Adjusted Net Income in conjunction with net income as calculated in accordance with GAAP.

[2] Adjusted Net Income margin is calculated as Adjusted Net Income as a percentage of revenue

[3] The Company computed the tax effect of adjustments to net earnings by applying the statutory tax rate in the relevant jurisdictions to the income or expense items that are adjusted in the period presented. If a valuation allowance exists, the rate applied is zero.

[4] Other expense (income), net consists primarily of non-operating gains and losses, income and expenses related to the revaluation performed on designated balance sheet accounts, gains and losses on foreign currency transactions, investment income, equity in earnings of non-consolidated affiliates and non-operating pension and postretirement benefit expenses.

Free Cash Flow[1] (Non-GAAP measure)

(in millions, unless otherwise stated)	Three Months Ended March 31,		LTM[2] March 31,	
	2024	2023	2024	2023
Net cash provided by operating activities	$141	$161	$447	$428
Capital expenditures	(57)	(63)	(209)	(184)
Free Cash Flow[1]	$84	$98	$238	$244
Revenue	$670	$629	$2,719	$2,526
Net cash provided by operating activities margin	21.0%	25.6%	16.4%	16.9%
Free Cash Flow margin[3]	12.5%	15.6%	8.8%	9.7%

[1] The Company defines Free Cash Flow as cash from operating activities less cash outlays related to capital expenditures. The Company defines capital expenditures to include purchases of property, plant and equipment and capitalized software. These items are subtracted from cash from operating activities because they represent long-term investments that are required for normal business activities. The Company uses Free Cash Flow as an additional liquidity measure and believes it provides useful information to investors about the cash generated from its core operations that may be available to repay debt, make other investments and return cash to stockholders. There are material limitations to using Free Cash Flow. Free Cash Flow adjusts for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash that is available than the most comparable GAAP measure. Free Cash Flow is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Free Cash Flow in conjunction with net cash provided by operating activities as calculated in accordance with GAAP.

[2] Last 12 months

[3] Free Cash Flow margin is calculated as Free Cash Flow as a percentage of revenue

Free Cash Flow[1] (Non-GAAP measure)

(in millions, unless otherwise stated)	Twelve Months Ended December 31, 2023	2022	2021
Net cash provided by operating activities	$467	$372	$421
Capital expenditures	(215)	(164)	(107)
Free Cash Flow[1]	$252	$208	$314
Revenue	$2,678	$2,520	$2,517
Net cash provided by operating activities margin	17.4%	14.8%	16.7%
Free Cash Flow margin[3]	9.4%	8.3%	12.5%

[1] The Company defines Free Cash Flow as cash from operating activities less cash outlays related to capital expenditures. The Company defines capital expenditures to include purchases of property, plant and equipment and capitalized software. These items are subtracted from cash from operating activities because they represent long-term investments that are required for normal business activities. The Company uses Free Cash Flow as an additional liquidity measure and believes it provides useful information to investors about the cash generated from its core operations that may be available to repay debt, make other investments and return cash to stockholders. There are material limitations to using Free Cash Flow. Free Cash Flow adjusts for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash that is available than the most comparable GAAP measure. Free Cash Flow is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Free Cash Flow in conjunction with net cash provided by operating activities as calculated in accordance with GAAP.

[2] Free Cash Flow margin is calculated as Free Cash Flow as a percentage of revenue

Net Leverage[1] (Non-GAAP measure)

(in millions, unless otherwise stated)	LTM[2] March 31, 2024
Term loans	$500
Revolving credit facility	85
6.500% senior notes due 2028	300
Total debt	$885
Cash and cash equivalents	344
Total debt net of cash and cash equivalents	$541
Adjusted EBITDA[1]	583
Net Leverage[3]	0.9

[1] The Company defines Adjusted EBITDA as net income adjusted for depreciation and amortization expense, interest expense, other expense (income), income tax expense, as well as stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses, as applicable.
[2] Last 12 months
[3] Net Leverage is calculated as total debt less cash and cash equivalents divided by Adjusted EBITDA