



**Atmos**<sup>TM</sup>

FILTRATION TECHNOLOGIES

# First Quarter 2024 Earnings Call

May 3, 2024

# Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995, including, without limitation, those that are based on current expectations, estimates and projections about the industries in which we operate and management's views, plans, objectives, projections, beliefs and assumptions. Forward-looking statements may be identified by the use of words such as "anticipates," "expects," "forecasts," "intends," "plans," "believes," "seeks," "estimates," "could," "should," "may" or words of similar meaning. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding the outlook for our future business and financial performance, discussions of future operations, our strategy for growth and market position. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. If the underlying assumptions prove correct, or known or unknown risks or uncertainties materialize, our actual outcomes, results and financial condition may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Risks and uncertainties include, but are not limited to, those reflected in the section titled "Risk Factors" in our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and subsequent filings, all of which are on file with the SEC. You are cautioned not to place undue reliance on forward-looking statements. The forward-looking statements made herein are made only as of the date hereof and we undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.



**Steph Disher**  
*Chief Executive Officer*



**Jack Kienzler**  
*Chief Financial Officer*

# First Quarter 2024

## *Financial Highlights*

\$427

Sales (\$millions)

18.8%

Adj. EBITDA Margin

(\$13)

Adj. FCF (\$millions)

\$0.60

Adj. Diluted EPS



# Atmus Long-Term Value Creation



Mission-Critical  
Product in  
Predictable &  
Growing End  
Markets

Strong Positioning  
& Brand  
Recognition



Consistent &  
Attractive  
Financial Results



Clear Strategy for  
Growth as an  
Independent  
Company



# Company Results

Three months ended March 31

	2024	2023
Sales	\$427	\$419
Gross margin	\$112	\$110
Gross margin %	26.2%	26.2%
Selling, General & Research (SAR)	\$53	\$49
SAR%	12.5%	11.7%
Joint venture / other income	\$10	\$8
Adj. EBITDA <sup>1</sup>	\$80	\$79
Adj. EBITDA margin %	18.8%	18.8%
Net Income	\$46	\$53
Diluted earnings per share	\$0.54	\$0.63
Adj. earnings per share <sup>1</sup>	\$0.60	\$0.67

(in millions except per share amount)



1. Removes one-time costs primarily comprised of one-time expenses related to Information Technology, warehousing and Human Resources separation costs. See non-GAAP reconciliation in Appendix.

# Consistent balance sheet strength fueling opportunities

1

**\$103 million**

TTM adj. free cash flow

2

**\$549 million**

Liquidity

3

**1.5 times**

Net debt to TTM adj. EBITDA

# 2024 Outlook

## Measure

## FY 2024 outlook

Sales (\$ millions)

\$1,610 – \$1,675

Adj. EBITDA margin%<sup>1</sup>

18.25% – 19.25%

Adj. earnings per share<sup>1</sup>

\$2.10 – \$2.35



### Additional Planning Assumptions

Joint venture income	\$30 – \$35
Effective tax rate	22% – 24%
Interest expense	\$40 – \$45
Depreciation & amortization	~\$30
Capital expenditures	\$40 – \$45 <sup>2</sup>

(in millions)

1. Excludes one-time separation costs of \$10 million – \$20 million.

2. Excludes one-time separation capital expenditures of \$10 million – \$20 million.

Q+A



# Non-GAAP Financial Measures

# Non-GAAP Financial Measures

We use non-GAAP financial information and believe it is useful to investors as it provides additional information to facilitate comparisons of historical operating results, identify trends in our underlying operating results and provide additional insight and transparency on how we evaluate our business. We use non-GAAP financial measures to budget, make operating and strategic decisions and evaluate our performance. We have detailed the non-GAAP adjustments that we make in our non-GAAP definitions below. We believe the non-GAAP measures should always be considered along with the related U.S. GAAP financial measures. We have provided the reconciliations between the U.S. GAAP and non-GAAP financial measures in the appendix and we also discuss our underlying U.S. GAAP results throughout our Management's Discussion and Analysis of Financial Condition and Results of Operations in Form 10-Q. Our primary non-GAAP financial measures are listed below and reflect how we evaluate our current and prior-year operating results. As new events or circumstances arise, these definitions could change. When our definitions change, we provide the updated definitions and present the related non-GAAP historical results on a comparable basis.

- "EBITDA" is defined as earnings or losses before interest expense, income taxes, depreciation and amortization and "EBITDA margin" is defined as EBITDA as a percent of net sales. We believe EBITDA and EBITDA margin are useful measures of our operating performance as they assist investors and debt holders in comparing our performance on a consistent basis without regard to financing methods, capital structure, income taxes or depreciation and amortization methods, which can vary significantly depending upon many factors. Additionally, we believe these metrics are widely used by investors, securities analysts, ratings agencies and others in our industry in evaluating performance.
- "Adjusted EBITDA" is defined as EBITDA after adding back certain one-time expenses, reflected in cost of sales and selling, general and administrative expenses, associated with becoming a standalone public company and "Adjusted EBITDA margin" is defined as Adjusted EBITDA as a percent of net sales. We believe Adjusted EBITDA and Adjusted EBITDA margin are useful measures of our operating performance as it allows investors and debt holders to compare our performance on a consistent basis without regard to one-time costs attributable to our becoming a standalone public company.
- "Adjusted earnings per share" is defined as diluted earnings per share (the most comparable U.S. GAAP financial measure) after adding back certain one-time expenses, reflected in cost of sales and selling, general and administrative expenses, associated with becoming a standalone public company less the related tax impact of the same one-time expenses. We believe Adjusted earnings per share provides improved comparability of underlying operating results.
- "Free cash flow" is defined as cash flows provided by (used for) operating activities less capital expenditures and "Adjusted free cash flow" is defined as Free cash flow after adding back certain one-time capital expenditures and other separation related costs associated with becoming a standalone public company. We believe Free cash flow and Adjusted free cash flow are useful metrics used by management and investors to analyze our ability to service and repay debt and return value to shareholders.

The metrics defined above are not in accordance with, or alternatives for, U.S. GAAP financial measures and may not be consistent with measures used by other companies. It should be considered supplemental data; however, the amounts included in the EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted earnings per share, Free cash flow and Adjusted free cash flow calculations are derived from amounts included in the consolidated statements of net income and cash flows.

We do not consider our non-GAAP financial measures as superior to, or a substitute for, the equivalent measures calculated and presented in accordance with GAAP. Some of the limitations are: such measures do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments; such measures do not reflect changes in, or cash requirements for, our working capital needs; such measures do not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt; although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements; and other companies in our industry may calculate such measures differently than we do, limiting their usefulness as comparative measures. To properly and prudently evaluate our business, we encourage you to review the unaudited condensed consolidated financial statements included in our SEC filings and not rely on a single financial measure to evaluate our business.

# Non-GAAP Financial Measures

## EBITDA and Adjusted EBITDA Reconciliations

(\$ millions)

	For the Three Months Ended March 31,		For the Twelve Months Ended December 31,	
	2024	2023	2023	2022
<b>NET INCOME</b>	\$ 46	\$ 53	\$ 171	\$ 170
Plus:				
Interest expense	\$ 11	\$ -	\$ 26	\$ 1
Income tax expense	\$ 13	\$ 16	\$ 55	\$ 42
Depreciation and amortization	\$ 5	\$ 5	\$ 22	\$ 22
<b>EBITDA</b>	\$ 74	\$ 75	\$ 274	\$ 234
Plus:				
One-time separation costs <sup>(a)</sup>	\$ 6	\$ 4	\$ 29	\$ 9
<b>Adjusted EBITDA</b>	\$ 80	\$ 79	\$ 302	\$ 243
Net Sales	\$ 427	\$ 419	\$ 1,628	\$ 1,562
<b>EBITDA Margin</b>	<b>17.4%</b>	17.8%	<b>16.8%</b>	15.0%
<b>Adjusted EBITDA Margin</b>	<b>18.8%</b>	18.8%	<b>18.6%</b>	15.6%

Note: Amounts may not total due to rounding

(a) Primarily comprised of one-time expenses related to Information Technology, warehousing and Human Resources separation costs

# Non-GAAP Financial Measures

## Adjusted EPS Reconciliation (\$ Earnings per Share)

	For the Three Months Ended	
	March 31,	
	2024	2023
Diluted earnings per share	\$ 0.54	\$ 0.63
Plus:		
One-Time separation costs <sup>(a)</sup>	\$ 0.07	\$ 0.05
Less:		
Tax impact of one-time separation costs <sup>(a)</sup>	\$ 0.01	\$ 0.01
<b>Adjusted earnings per share</b>	<b>\$ 0.60</b>	<b>\$ 0.67</b>

(a) Primarily comprised of one-time expenses related to Information Technology, warehousing and Human Resources separation costs



## EBITDA and Adjusted EBITDA Reconciliations and Net Debt (\$ millions)

	Trailing Twelve Months	
	March 31, 2024	
<b>NET INCOME</b>	\$	164
Plus:		
Interest expense	\$	36
Income tax expense	\$	52
Depreciation and amortization	\$	22
<b>EBITDA</b>	\$	273
Plus:		
One-time separation costs <sup>(a)</sup>	\$	30
<b>Adjusted EBITDA</b>	\$	304
<b>Cash</b>	\$	149
<b>Long-term debt (includes current portion)</b>	\$	600
<b>Net Debt (long-term debt less cash)</b>	\$	451
<b>Net Debt to Adjusted EBITDA</b>		1.5

Note: Amounts may not total due to rounding

(a) Primarily comprised of one-time expenses related to Information Technology, warehousing and Human Resources separation costs

# Non-GAAP Financial Measures

## Free Cash Flow and Adjusted Free Cash Flow Reconciliations

(\$ millions)

	For the Three Months Ended		Trailing Twelve
	March 31,		Months
	2024	2023	March 31, 2024
Cash (used in) provided by operating activities	\$ (8)	\$ 43	\$ 138
Less:			
Capital expenditures	\$ 11	\$ 6	\$ 50
<b>Free cash flow</b>	<b>\$ (19)</b>	<b>\$ 36</b>	<b>\$ 88</b>
Plus:			
One-time separation capital expenditures	\$ 3	\$ 1	\$ 11
One-time separation related <sup>(a)</sup>	\$ 3	\$ -	\$ 3
<b>Adjusted free cash flow</b>	<b>\$ (13)</b>	<b>\$ 37</b>	<b>\$ 103</b>

Note: Amounts may not total due to rounding

(a) Primarily comprised of working capital inefficiencies associated with the move from intercompany settlement terms with Cummins to standalone practices

