

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow and Adjusted Free Cash Flow and Calculation of Operating Cash Flow and Adjusted Free Cash Flow Margins

(\$M)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cash provided by operating activities	\$3,517	\$4,335	\$5,080	\$5,519	\$5,498	\$5,966	\$6,434	\$6,897	\$6,208	\$6,038	\$5,274	\$5,340	\$6,097
Capital expenditures	(884)	(947)	(1,094)	(1,073)	(1,095)	(1,031)	(828)	(839)	(906)	(895)	(766)	(1,039)	(1,164)
Garrett cash receipts	-	-	-	-	-	-	-	-	-	586	409	-	-
Free cash flow	2,633	3,388	3,986	4,446	4,403	4,935	5,606	6,058	5,302	5,729	4,917	4,301	4,933
Separation cost payments	-	-	-	-	-	-	424	213	-	-	-	-	-
Impact of settlements <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-	-	1,001	-
Adjusted free cash flow	<u>\$2,633</u>	<u>\$3,388</u>	<u>\$3,986</u>	<u>\$4,446</u>	<u>\$4,403</u>	<u>\$4,935</u>	<u>\$6,030</u>	<u>\$6,271</u>	<u>\$5,302</u>	<u>\$5,729</u>	<u>\$4,917</u>	<u>\$5,302</u>	<u>\$4,933</u>
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÷ Net sales	<u>\$37,665</u>	<u>\$39,055</u>	<u>\$40,306</u>	<u>\$38,581</u>	<u>\$39,302</u>	<u>\$40,534</u>	<u>\$41,802</u>	<u>\$36,709</u>	<u>\$32,637</u>	<u>\$34,392</u>	<u>\$35,466</u>	<u>\$36,662</u>	<u>\$38,498</u>
Operating cash flow margin %	<u>9%</u>	<u>11%</u>	<u>13%</u>	<u>14%</u>	<u>14%</u>	<u>15%</u>	<u>15%</u>	<u>19%</u>	<u>19%</u>	<u>18%</u>	<u>15%</u>	<u>15%</u>	<u>16%</u>
Adjusted free cash flow	\$2,633	\$3,388	\$3,986	\$4,446	\$4,403	\$4,935	\$6,030	\$6,271	\$5,302	\$5,729	\$4,917	\$5,302	\$4,933
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Adjusted free cash flow margin %	<u>7%</u>	<u>9%</u>	<u>10%</u>	<u>12%</u>	<u>11%</u>	<u>12%</u>	<u>14%</u>	<u>17%</u>	<u>16%</u>	<u>17%</u>	<u>14%</u>	<u>14%</u>	<u>13%</u>

(1) For the twelve months ended December 31, 2023, impact of settlements was \$1,001 million, net of tax benefit of \$252 million, due to settlements related to the NARCO Buyout, HWI Sale, and UOP Matters.

We define free cash flow as cash provided by operating activities less cash for capital expenditures plus cash receipts from Garrett. We define adjusted free cash flow as free cash flow less separation cost payments and impact of settlements related to the NARCO Buyout, HWI Sale, and UOP Matters. We define adjusted free cash flow margin as adjusted free cash flow divided by net sales.

We believe that free cash flow, adjusted free cash flow, and adjusted free cash flow margin are non-GAAP measures that are useful to investors and management as a measure of cash generated by operations that will be used to repay scheduled debt maturities and can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock, or repay debt obligations prior to their maturities. These measures can also be used to evaluate our ability to generate cash flow from operations and the impact that this cash flow has on our liquidity.