



**Fourth Quarter & Full-Year  
2024 Earnings Presentation**

February 18, 2025

# Safe Harbor Statement

**FORWARD-LOOKING STATEMENTS:** Some statements in this presentation, as well as in other materials we file with the Securities and Exchange Commission (SEC), release to the public, or make available on our website, constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements in the future tense and all statements accompanied by words such as “expect,” “likely,” “outlook,” “forecast,” “preliminary,” “would,” “could,” “should,” “position,” “will,” “project,” “intend,” “plan,” “on track,” “anticipate,” “to come,” “may,” “possible,” “assume,” or similar expressions are intended to identify such forward-looking statements. These forward-looking statements include our view of business and economic trends for the coming year, our expectations regarding our ability to capitalize on these business and economic trends and to execute our strategic priorities, and the established full-year 2025 financial guidance provided herein. Senior officers may also make verbal statements to analysts, investors, the media and others that are forward-looking. We caution you that all forward-looking statements involve risks and uncertainties, and while we believe that our expectations for the future are reasonable in view of currently available information, you are cautioned not to place undue reliance on our forward-looking statements. Actual results or events may differ materially from those indicated as a result of various important factors. Such factors may include, among other things, changes in general economic conditions, including unemployment, persistent inflationary or deflationary pressures, financial institution disruptions and geopolitical conflicts such as the conflict between Russia and Ukraine, the conflict in the Gaza strip and other unrest in the Middle East; volatility in oil prices; significant costs, such as elevated fuel and freight expenses; public health emergencies, including the effects on the financial health of our business partners and customers, on supply chains and our suppliers, on vehicle miles driven as well as other metrics that affect our business, and on access to capital and liquidity provided by the financial and capital markets; our ability to maintain compliance with our debt covenants; our ability to successfully integrate acquired businesses into our operations and to realize the anticipated synergies and benefits; our ability to successfully implement our business initiatives in our two business segments; slowing demand for our products; the ability to maintain favorable supplier arrangements and relationships; changes in national and international legislation or government regulations or policies, including changes to import tariffs, environmental and social policy, infrastructure programs and privacy legislation, and their impact to us, our suppliers and customers; changes in tax policies; changes in fiscal and regulatory priorities as a result of the outcome of the 2024 U.S. election; volatile exchange rates; our ability to successfully attract and retain employees in the current labor market; uncertain credit markets and other macroeconomic conditions; competitive product, service and pricing pressures; failure or weakness in our disclosure controls and procedures and internal controls over financial reporting, including as a result of the work from home environment; the uncertainties and costs of litigation; disruptions caused by a failure or breach of our information systems, the success of our global restructuring efforts and the annualized cost savings therefrom; the timing of settling our U.S. pension plan termination and the corresponding amount of the one-time, non-cash charge we will incur in connection therewith, as well as other risks and uncertainties discussed in our Annual Report on Form 10-K and from time to time in our subsequent filings with the SEC. Forward-looking statements speak only as of the date they are made, and we undertake no duty to update any forward-looking statements except as required by law. You are advised, however, to review any further disclosures we make on related subjects in our subsequent Forms 10-K, 10-Q, 8-K and other reports filed with the SEC.

**NON-GAAP MEASURES:** This presentation contains certain financial information not derived in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”). These items include adjusted net income, adjusted operating and non-operating expenses, adjusted EBITDA, adjusted diluted earnings per share and free cash flow. We believe that the presentation of these non-GAAP measures when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provide meaningful supplemental information to both management and investors that is indicative of our core operations. We considered these metrics useful to investors because they provide greater transparency into management’s view and assessment of our ongoing operating performance by removing items management believes are not representative of our operations and may distort our longer-term operating trends. For example, for the three and twelve months ended December 31, 2024, certain of the non-GAAP metrics contained herein exclude costs relating to our global restructuring initiative and acquisition of Motor Parts and Equipment Corporation, which are one-time events that do not recur in the ordinary course of our business. We believe these measures are useful and enhance the comparability of our results from period to period and with our competitors, as well as show ongoing results from operations distinct from items that are infrequent or not associated with our core operations. We do not, nor do we suggest investors should, consider such non-GAAP financial measures as superior to, in isolation from, or as a substitute for, GAAP financial information. We have included reconciliations of this additional information to the most comparable GAAP measure in the appendix of this presentation. We do not provide forward-looking guidance for certain financial measures on a GAAP basis because we are unable to predict certain items contained in the GAAP measures without unreasonable efforts. These items may include acquisition-related costs, litigation charges or settlements, impairment charges, and certain other unusual adjustments.



# GPC Snapshot (as of 12/31/2024)

## Key Statistics

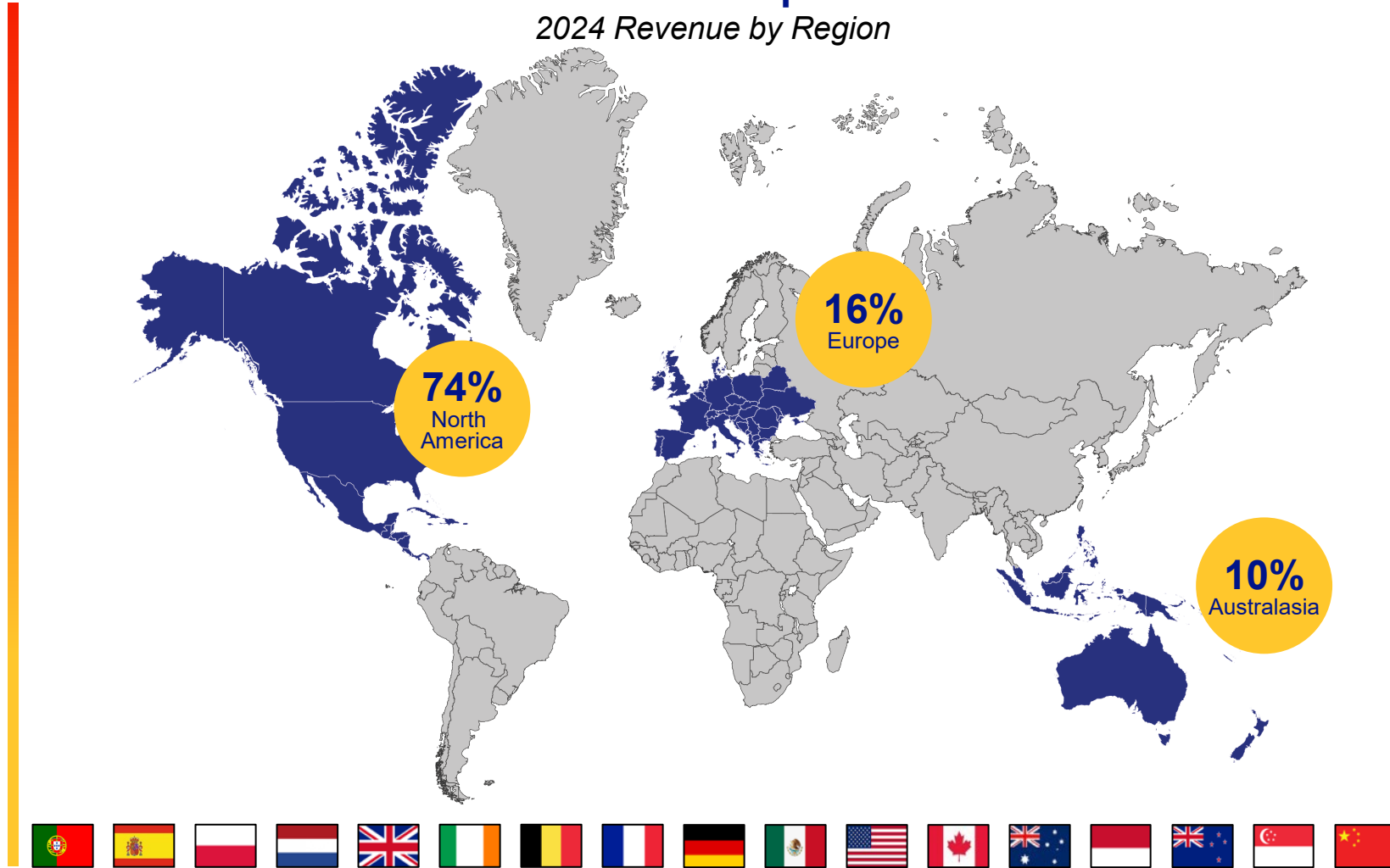
Founded	1928
Headquarters	Atlanta, GA
Countries Served	17
Locations	~10,790
<ul style="list-style-type: none"> <li>Distribution Centers</li> <li>Branches/Service Centers</li> <li>Retail (Owned/Independent)</li> </ul>	<ul style="list-style-type: none"> <li>~190</li> <li>~755</li> <li>~9,845</li> </ul>
Employees	63,000+

## 2024 Financial Highlights

Revenue	\$23.5B
<ul style="list-style-type: none"> <li>Automotive</li> <li>Industrial</li> </ul>	<ul style="list-style-type: none"> <li>63%</li> <li>37%</li> </ul>
Adj. EBITDA Margin <sup>1</sup>	8.5%
Free Cash Flow <sup>1</sup>	~\$684M
Dividend Yield <sup>2</sup>	3.4%

## Global Footprint

2024 Revenue by Region



Leading Global Distributor and Solutions Provider in Diversified End Markets

<sup>1</sup>See Appendix C <sup>2</sup>Calculated based on annual dividend per share divided by share price as of 12/31/24

# Key Messages

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- ✓ We want to **thank our global GPC teammates** for their hard work and **dedication to serving our customers**
- ✓ We **stayed focused on what we could control**: advance our strategic initiatives to strengthen the business and effectively manage our operations against a **backdrop of challenging macroeconomic conditions and weak market demand**
- ✓ GPC **returned more than \$700 million to our shareholders** in the form of dividends and share repurchases
- ✓ Our Board approved the **69<sup>th</sup> consecutive annual increase to the GPC dividend**



# FY'24 Performance: GPC Executive Summary

GPC



Global Sales

**\$23.5B**

Increase of 1.7%

Adj Gross Margin<sup>1</sup>

**36.6%**

Improved 70 bps

Adj EBITDA<sup>1</sup>

**\$2.0B**

Decreased 7%

Adj EBITDA Margin

**8.5%**

Decreased 80 bps

Adj Diluted EPS<sup>1</sup>

**\$8.16**

Decreased 13%

## Industrial



Global Sales

**\$8.8B**

Decrease of 1.4%

Global Comps<sup>2</sup>

**-2.1%**

Segment EBITDA<sup>1</sup>

**\$1.1B**

Decrease 3%

Segment EBITDA Margin

**12.6%**

Decreased 20 bps

## Automotive



Global Sales

**\$14.8B**

Increase of 3.7%

Global Comps<sup>2</sup>

**0.0%**

Segment EBITDA<sup>1</sup>

**\$1.3B**

Decreased 4%

Segment EBITDA Margin

**8.7%**

Decreased 70 bps



# Q4'24 Performance: GPC Executive Summary



Sales

**\$5.8B**

Increase of 3.3%

Adj Gross Margin<sup>1</sup>

**36.9%**

Improved 50 bps

Adj EBITDA<sup>1</sup>

**\$434M**

Decreased 17%

Adj EBITDA Margin<sup>1</sup>

**7.5%**

Decreased 180 bps

Adj Diluted EPS<sup>1</sup>

**\$1.61**

Decreased 29%

At December 31



Cash From Operations

**\$1.3B**

Free Cash Flow<sup>1</sup>

**\$684M**



Working Capital<sup>2</sup>

**\$1.3B**



Capital Structure

**2.2x**

Total Debt to Adj EBITDA<sup>1</sup>



Ample Liquidity

**\$2.0B**



**Financial Strength and Flexibility to Drive Growth**



# Q4'24 Performance: Industrial



Global Sales<sup>1</sup>

**\$2.1B**

Decreased 1.2%

Global Comps<sup>1,2</sup>

**-1.7%**

Segment EBITDA<sup>3</sup>

**\$271M**

Decreased 4%

Segment EBITDA Margin

**12.9%**

Decreased 40 bps

## 2024 Accomplishments:

- ✓ Corporate account customer base, which represents ~45% of the business, experienced low-single-digit growth
- ✓ Expanded depth of inventory by over 60K SKUs while simultaneously improving inventory efficiency
- ✓ Extended competitive advantage with repair and service offering, including new state-of-the-art facility in Houston
- ✓ Cautiously optimistic by sequential improvement in U.S. end market indicators

Market	Total Sales <sup>4</sup>
North America	(1.3%)
Australasia	0.0%

*<sup>1</sup>Global Industrial and North America results include one additional selling day in the U.S., which the company estimates positively impacted Global Industrial sales growth and comp sales growth by approximately 150bps*



# Q4'24 Performance: Automotive



Global Sales<sup>1</sup>

**\$3.7B**

Increase of 6.1%

Global Comps<sup>1,2</sup>

**+0.2%**

Segment EBITDA<sup>3</sup>

**\$285M**

Decreased 6%

Segment EBITDA Margin

**7.8%**

Decreased 100 bps

Market	Total Sales <sup>4</sup>	Comp Sales <sup>2,4</sup>
U.S. <sup>1</sup>	+7.4%	0.0%
Canada	+1.0%	(0.7%)
Europe	+3.3%	(1.4%)
Australasia	+13.6%	+6.3%

<sup>1</sup>Global Automotive and U.S. Automotive results include one additional selling day in the U.S., which the company estimates positively impacted Global Automotive sales growth and comp sales growth by approximately 90bps and U.S. Automotive sales growth and comp sales growth by 170bps

## 2024 Accomplishments:

- ✓ Completed the acquisition of more than 500 stores in the U.S., mostly from our independent owners
- ✓ Europe grew NAPA branded sales to €500M in just 5 years, a testament to the power of the NAPA brand
- ✓ Market leading positions in Canada and Australasia with growth outpacing the market
- ✓ Advanced global technology and supply chain initiatives including catalog, search and DC investments





# Strategic Investment Priorities



## Talent & Culture

Develop high-potential talent and infuse capabilities into the organization to build diverse, high-performing teams



## Sales Effectiveness

Utilize data and analytics to understand our customer segments and drive solution-based sales and commercial strategies



## Supply Chain

Modernize operations to increase productivity and efficiency across inventory, facilities and logistics capabilities



## Emerging Technology

Lead in emerging technologies and leverage our unique positioning, global scale and One GPC team approach



## Technology

Enhance data and digital capabilities to deliver a best-in-class customer experience, profitable growth and operational productivity



## Mergers & Acquisitions

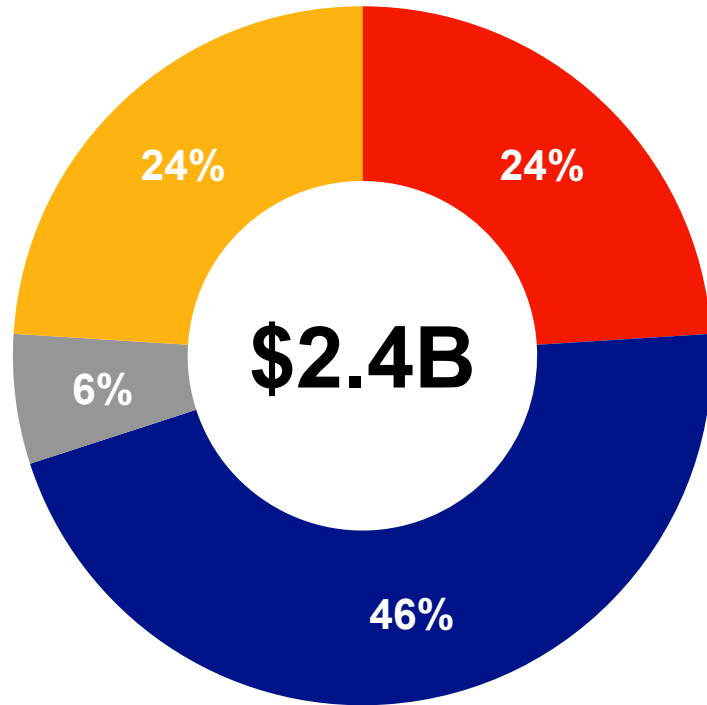
Acquire strategic assets and create value via scale, footprint, customer relationships, products and services and technology



**Investing in Existing and New Capabilities to Create a Better Customer Experience**

# GPC Capital Allocation: FY'24 and FY'25 Outlook

## 2024 Capital Deployment



Strategic Investment M&A Share Repurchases Dividend

## Key Priorities

### Strategic Investments

- ✓ **\$567M FY'24 Capital Expenditures**
- Estimated \$400M – \$450M FY'2025 Capital Expenditures

### M&A

- ✓ **\$1.1B FY'24 Capital Deployed**
- Estimated \$300M – \$350M FY'25 M&A Capital Outlay

### Share Repurchases

- ✓ **\$150M FY'24 Spend to Repurchase ~1.1M Shares**

### Dividend

- ✓ **\$555M FY'24 Cash Dividends Paid**
- ✓ **FY'25 Cash Dividend of \$4.12 Per Share, +3% From 2024**
  - 69<sup>th</sup> consecutive year of increased dividends paid to our shareholders



**Capital Allocation... \$700M, or ~60% of FY'24 Cash Flow, Returned to Shareholders**

# GPC 2025 Outlook: Executive Summary<sup>1</sup>

<b>Total Sales Growth</b>	<b>2% to 4%</b>
• Automotive	2% to 4%
• Industrial	2% to 4%
<b>Diluted EPS</b>	<b>\$6.95 to \$7.45</b>
<b>Adj Diluted EPS<sup>2</sup></b>	<b>\$7.75 to \$8.25</b>
<b>Adj EPS Growth<sup>2</sup></b>	<b>(5%) to 1%</b>
<b>Cash from Operations</b>	<b>\$1.2B to \$1.4B</b>
<b>Free Cash Flow<sup>2</sup></b>	<b>\$800M to \$1.0B</b>

## OTHER ASSUMPTIONS

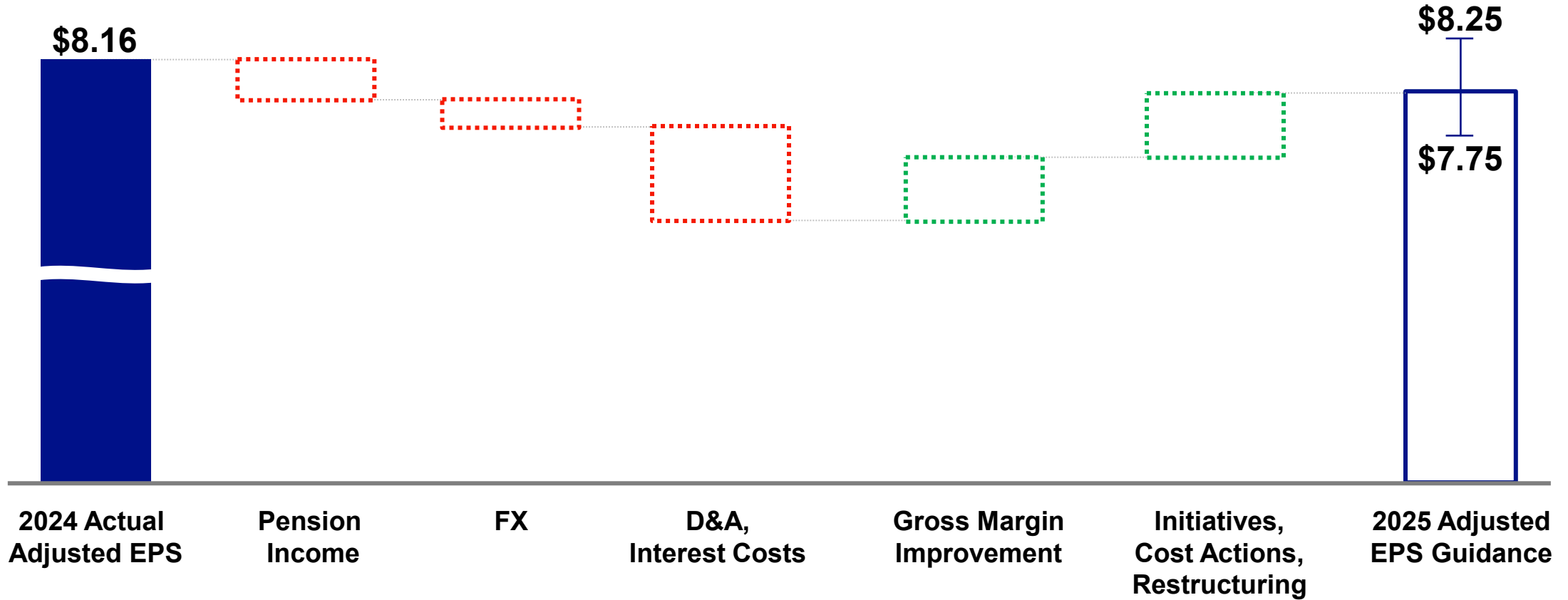
- Capex \$400M - \$450M
- Interest expense ~\$150M
- Tax rate ~24%



<sup>1</sup>Our guidance considers several factors, including recent business trends and financial results, current growth plans, strategic initiatives, global economic outlook, geopolitical conflicts and the potential impact on results. We have also excluded the impact of the one-time, non-cash charge we expect to incur when our U.S. pension plan settles (expected late 2025 or early 2026), given the timing uncertainty. We will update full-year guidance during 2025, as appropriate. <sup>2</sup>A non-GAAP measure (See Appendix D)

# GPC 2025 Outlook: Adjusted EPS Guidance Bridge

(\$ per share)



**FY'25 Outlook: \$7.75 – \$8.25 Adjusted Earnings Per Share**

# GPC 2025 Outlook: U.S. Business Days

U.S. Business Days*	Q1	Q2	Q3	Q4	FY
2025	63	64	64	63	254
2024	64	64	64	63	255
Difference	-1	0	0	0	-1

*\*Our calculation of comparable sales is computed using total business days for the period, not calendar days. We believe a business day approach is a better representation given the fluctuations of weekend operating hours, particularly at our Motion facilities and independently owned NAPA stores in the U.S.*



**FY'25 Outlook: One Less U.S. Business Day in 2025 Versus 2024**

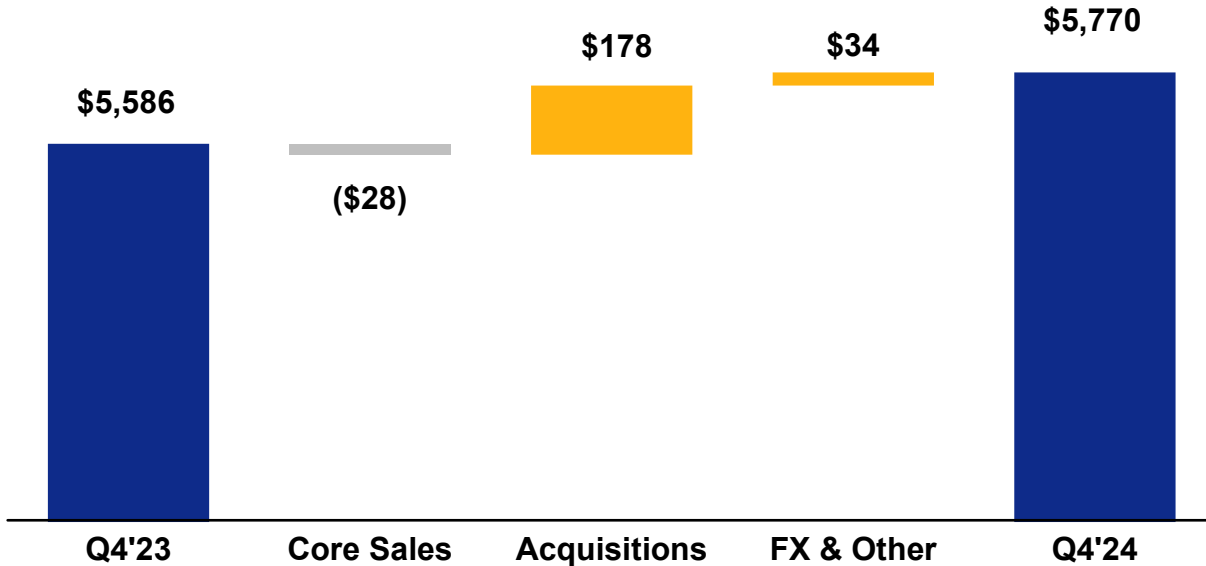
# Appendix

# Consolidated Net Sales and Diluted EPS Bridge

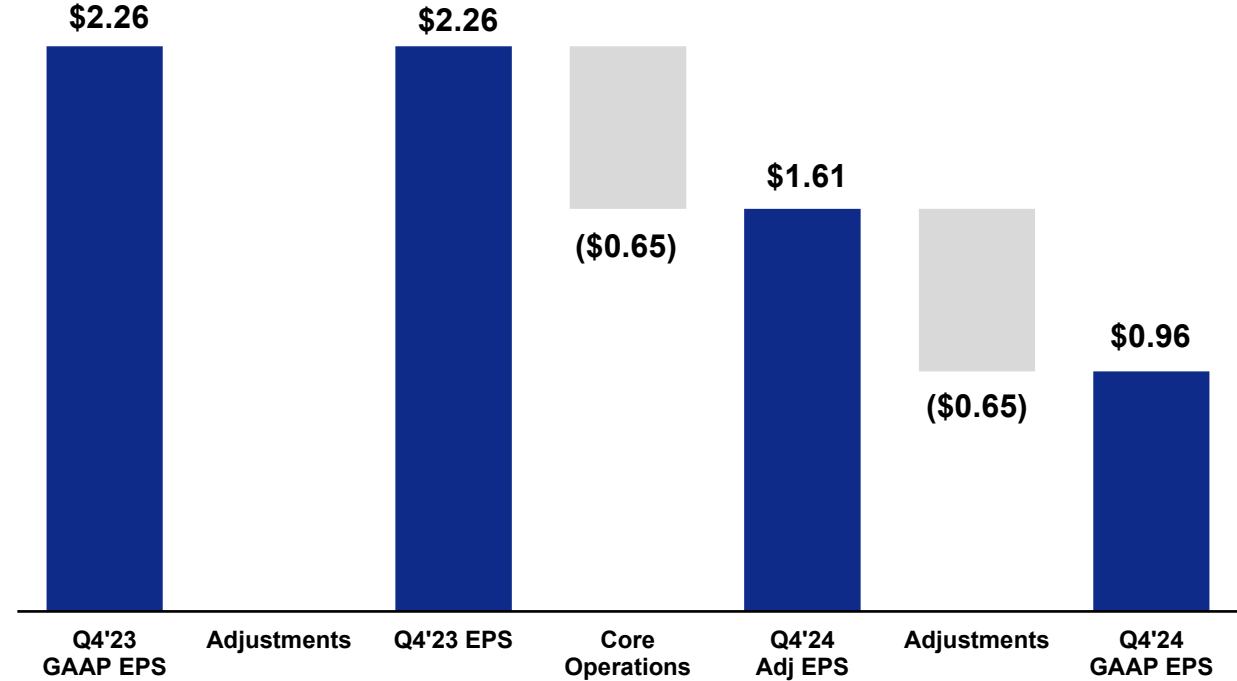
## Appendix A

### Net Sales

(\$M)



### Adj Diluted Earnings Per Share<sup>1</sup>



<sup>1</sup>A non-GAAP measure (See Appendix D)

**Comparable Sales:** Comparable sales or “comp sales” is a key metric that refers to period-over-period comparisons of our net sales excluding the impact of acquisitions, foreign currency and other. Our calculation of comparable sales is computed using total business days for the period. The company considers this metric useful to investors because it provides greater transparency into management’s view and assessment of the company’s core ongoing operations. This is a metric that is widely used by analysts, investors and competitors in our industry, although our calculation of the metric may not be comparable to similar measures disclosed by other companies, because not all companies and analysts calculate this metric in the same manner.

**Daily Sales:** Daily sales represents the amounts invoiced to the company's customers each day. Daily sales do not represent GAAP-based sales because, among other things, invoices are not always generated at the same time goods and services are delivered to customers and the amounts do not include adjustments for estimates of returns, rebates or other forms of variable consideration. Management uses this metric to monitor demand trends at each of its subsidiaries throughout each month for the purposes of monitoring performance against forecasts and to make operational decisions. The company considers this metric useful to investors because it provides greater transparency into management’s view and assessment of the company’s core ongoing operations. The calculation of this metric may not be comparable to similar measures disclosed by other companies, because not all companies and analysts calculate this metric in the same manner.



# Reconciliation of Non-GAAP Financial Measures

## Appendix C

### Segment Profit to Segment EBITDA & Adj EBITDA

(in thousands)	2024	2024				2023			
	Full-Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Automotive:</b>									
Segment Profit	\$ 1,076,995	\$ 272,936	\$ 313,975	\$ 262,195	\$ 227,889	\$ 264,420	\$ 329,347	\$ 322,004	\$ 259,109
Depreciation	206,536	46,740	48,894	53,947	56,955	38,109	40,901	40,673	44,571
Automotive Segment EBITDA	1,283,531	319,676	362,869	316,142	284,844	302,529	370,248	362,677	303,680
<b>Industrial:</b>									
Segment Profit	1,067,370	270,839	276,841	258,753	260,937	261,987	283,372	282,807	274,670
Depreciation	34,818	8,148	8,119	8,534	10,017	7,050	7,080	7,644	8,311
Industrial Segment EBITDA	1,102,188	278,987	284,960	267,287	270,954	269,037	290,452	290,451	282,981
<b>Corporate:</b>									
Corporate Expense	(412,847)	(83,762)	(85,984)	(113,949)	(129,152)	(66,015)	(101,550)	(90,257)	(65,899)
Depreciation	23,630	1,622	7,504	7,263	7,241	2,934	2,267	1,876	1,935
Other Unallocated Costs	315,729	83,042	62,025	45,296	125,366	—	—	—	—
Corporate EBITDA	(73,488)	902	(16,455)	(61,390)	3,455	(63,081)	(99,283)	(88,381)	(63,964)
Total Adjustments	(315,729)	(83,042)	(62,025)	(45,296)	(125,366)	—	—	—	—
Corporate Adjusted EBITDA	(389,217)	(82,140)	(78,480)	(106,686)	(121,911)	(63,081)	(99,283)	(88,381)	(63,964)
Adjusted EBITDA	\$ 1,996,502	\$ 516,523	\$ 569,349	\$ 476,743	\$ 433,887	\$ 508,485	\$ 561,417	\$ 564,747	\$ 522,697



# Reconciliation of Non-GAAP Financial Measures

## Appendix C

### Adj EBITDA

(in thousands)	2024	2024				2023			
	Full-Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP net income	\$ 904,076	\$ 248,894	\$ 295,544	\$ 226,582	\$ 133,056	\$ 303,957	\$ 344,494	\$ 351,198	\$ 316,875
Depreciation and amortization	407,978	90,610	99,202	106,036	112,130	87,215	90,873	83,860	88,581
Interest expense, net	96,827	17,690	21,921	27,818	29,398	16,864	16,455	15,827	15,323
Income taxes	271,892	76,287	90,657	71,011	33,937	100,449	109,595	113,862	101,918
EBITDA:	1,680,773	433,481	507,324	431,447	308,521	508,485	561,417	564,747	522,697
Restructuring and other costs (1)	221,007	83,042	37,247	41,023	59,695	—	—	—	—
Acquisition and integration related costs and other (2)	33,126	—	24,778	4,273	4,075	—	—	—	—
Inventory rebranding strategic initiative (3)	61,596	—	—	—	61,596	—	—	—	—
Adjusted EBITDA	\$ 1,996,502	\$ 516,523	\$ 569,349	\$ 476,743	\$ 433,887	\$ 508,485	\$ 561,417	\$ 564,747	\$ 522,697



# Reconciliation of Non-GAAP Financial Measures (Cont.) Appendix C

## Adj Net Income

(in thousands)	2024	2024				2023			
	Full-Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP net income	\$ 904,076	\$ 248,894	\$ 295,544	\$ 226,582	\$ 133,056	\$ 303,957	\$ 344,494	\$ 351,198	\$ 316,875
Adjustments:									
Restructuring and other costs (1)	221,007	83,042	37,247	41,023	59,695	—	—	—	—
Acquisition and integration related costs and other (2)	33,126	—	24,778	4,273	4,075	—	—	—	—
Inventory rebranding strategic initiative (3)	61,596	—	—	—	61,596	—	—	—	—
Total adjustments	315,729	83,042	62,025	45,296	125,366	—	—	—	—
Tax impact of adjustments	(79,964)	(21,038)	(16,008)	(8,865)	(34,053)	—	—	—	—
Adjusted net income	\$ 1,139,841	\$ 310,898	\$ 341,561	\$ 263,013	\$ 224,369	\$ 303,957	\$ 344,494	\$ 351,198	\$ 316,875

(in thousands, except per share data)	2024	2024				2023			
	Full-Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP net income per common share	\$ 6.47	\$ 1.78	\$ 2.11	\$ 1.62	\$ 0.96	\$ 2.14	\$ 2.44	\$ 2.49	\$ 2.26
Adjustments:									
Restructuring and other costs (1)	1.58	0.59	0.27	0.29	0.43	—	—	—	—
Acquisition and integration related costs and other (2)	0.24	—	0.17	0.03	0.03	—	—	—	—
Inventory rebranding strategic initiative (3)	0.44	—	—	—	0.44	—	—	—	—
Total adjustments	2.26	0.59	0.44	0.32	0.90	—	—	—	—
Tax impact of adjustments	(0.57)	(0.15)	(0.11)	(0.06)	(0.25)	—	—	—	—
Adjusted diluted net income per common share	\$ 8.16	\$ 2.22	\$ 2.44	\$ 1.88	\$ 1.61	\$ 2.14	\$ 2.44	\$ 2.49	\$ 2.26
Weighted average common shares outstanding — assuming dilution	139,670	140,096	139,829	139,599	139,272	141,725	141,247	140,934	140,359



# Reconciliation of Non-GAAP Financial Measures (Cont.) Appendix C

## Adj Gross Profit

(in thousands)	Three Months Ended December 31,		QTD Change	
	2024	2023	\$ Change	% Change
GAAP gross profit	\$ 2,070,216	\$ 2,033,287	\$ 36,929	1.8%
Adjustments:				
Inventory rebranding strategic initiative (3)	61,596	—	61,596	100.0%
Total adjustments	61,596	—	61,596	100.0%
Adjusted gross profit	\$ 2,131,812	\$ 2,033,287	\$ 98,525	4.8%
Adjusted gross profit as a percent of GAAP net sales	36.9%	36.4%		50 bps

(in thousands)	Twelve Months Ended December 31,		Full-Year Change	
	2024	2023	\$ Change	% Change
GAAP gross profit	\$ 8,523,615	\$ 8,290,672	\$ 232,943	2.8%
Adjustments:				
Restructuring and other costs (1)	7,487	—	7,487	100.0%
Inventory rebranding strategic initiative (3)	61,596	—	61,596	100.0%
Total adjustments	69,083	—	69,083	100.0%
Adjusted gross profit	\$ 8,592,698	\$ 8,290,672	\$ 302,026	3.6%
Adjusted gross profit as a percent of GAAP net sales	36.6%	35.9%		70 bps



# Reconciliation of Non-GAAP Financial Measures (Cont.) Appendix C

## Adj Operating and Non-Operating Expenses

(in thousands)	Three Months Ended December 31,		QTD Change	
	2024	2023	\$ Change	% Change
GAAP operating and non-operating expenses	\$ 1,903,225	\$ 1,614,494	\$ 288,731	17.9%
Adjustments:				
Restructuring and other costs (1)	(59,695)	—	(59,695)	100.0%
Acquisition and integration related costs and other (2)	(4,075)	—	(4,075)	100.0%
Total adjustments	(63,770)	—	(63,770)	100.0%
Adjusted operating and non-operating expenses	\$ 1,839,455	\$ 1,614,494	\$ 224,961	13.9%
Adjusted operating and non-operating expenses as a percent of GAAP net sales	31.9%	28.9%		300 bps

(in thousands)	Twelve Months Ended December 31,		Full-Year Change	
	2024	2023	\$ Change	% Change
GAAP operating and non-operating expenses	\$ 7,347,647	\$ 6,548,324	\$ 799,323	12.2%
Adjustments:				
Restructuring and other costs (1)	(213,520)	—	(213,520)	100.0%
Acquisition and integration related costs and other (2)	(33,126)	—	(33,126)	100.0%
Total adjustments	(246,646)	—	(246,646)	100.0%
Adjusted operating and non-operating expenses	\$ 7,101,001	\$ 6,548,324	\$ 552,677	8.4%
Adjusted operating and non-operating expenses as a percent of GAAP net sales	30.2%	28.4%		180 bps



# Reconciliation of Non-GAAP Financial Measures (Cont.) Appendix C

## Free Cash Flow

(in thousands)	Twelve Months Ended December 31, 2024
Net cash provided by operating activities	\$1,251,251
Purchases of property, plant and equipment	(567,339)
<b>Free cash flow</b>	<b>\$683,912</b>

## Outlook

	Year Ending December 31, 2025
Net cash provided by operating activities	\$1.2 billion to \$1.4 billion
Purchases of property, plant and equipment	\$400 million to \$450 million
<b>Free cash flow</b>	<b>\$800 million to \$1.0 billion</b>

- (1) **Restructuring and other costs:** Adjustment reflects costs related to our global restructuring initiative which includes a voluntary retirement offer in the U.S. and rationalization and optimization of certain distribution centers, stores and other facilities, including related inventory liquidations costs. The inventory liquidation costs, recognized in costs of goods sold, total \$7 million and arise from facility closures.
- (2) **Acquisition and integration related costs and other:** Adjustment primarily reflects ongoing acquisition and integration costs related to the acquisitions of MPEC in April 2024 and Walker in July 2024, including professional services costs, personnel costs, and lease and other exit costs.
- (3) **Inventory rebranding strategic initiative:** Adjustment reflects a charge to write down certain existing inventory associated with a new global rebranding and relaunch of a key tool and equipment offering. The existing inventory that will be liquidated is comprised of otherwise saleable inventory, and the liquidation does not arise from our normal, recurring operational activities.