



**REGAL**

2Q

AUGUST 6, 2019

## Second Quarter 2019 Earnings

CONFERENCE CALL

**Louis Pinkham**  
Chief Executive Officer

**Jon Schlemmer**  
Chief Operating Officer

**Rob Rehard**  
Vice President  
Chief Financial Officer

**Rob Cherry**  
Vice President  
Business Development  
& Investor Relations

The following is a cautionary statement made under the Private Securities Litigation Reform Act of 1995: With the exception of historical facts, the statements contained in this presentation may be forward-looking statements. Forward-looking statements represent our management's judgment regarding future events. In many cases, you can identify forward-looking statements by terminology such as "may," "will," "expect," "intend," "estimate," "forecast," "anticipate," "believe," "should," "project" or "plan" or the negative of these terms or other similar words. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including but not limited to: uncertainties regarding our ability to execute our restructuring plans within expected costs and timing; actions taken by our competitors and our ability to effectively compete in the increasingly competitive global electric motor, drives and controls, power generation and power transmission industries; our ability to develop new products based on technological innovation, such as the Internet of Things, and marketplace acceptance of new and existing products, including products related to technology not yet adopted or utilized in certain geographic locations in which we do business; fluctuations in commodity prices and raw material costs; our dependence on significant customers; risks associated with global manufacturing; issues and costs arising from the integration of acquired companies and businesses and the timing and impact of purchase accounting adjustments; our overall debt levels and our ability to repay principal and interest on our outstanding debt; prolonged declines in one or more markets we serve, such as heating, ventilation, air conditioning, refrigeration, power generation, oil and gas, unit material handling or water heating; economic changes in global markets where we do business, such as reduced demand for the products we sell, currency exchange rates, inflation rates, interest

rates, recession, government policies, including policy changes affecting taxation, trade, tariffs, immigration, customs, border actions and the like, and other external factors that we cannot control; product liability and other litigation, or claims by end users, government agencies or others that our products or our customers' applications failed to perform as anticipated, particularly in high volume applications or where such failures are alleged to be the cause of property or casualty claims; unanticipated liabilities of acquired businesses; unanticipated adverse effects or liabilities from business exits or divestitures; unanticipated costs or expenses we may incur related to product warranty issues; our dependence on key suppliers and the potential effects of supply disruptions; infringement of our intellectual property by third parties, challenges to our intellectual property, and claims of infringement by us of third party technologies; effects on earnings of any significant impairment of goodwill or intangible assets; losses from failures, breaches, attacks or disclosures involving our information technology infrastructure and data; cyclical downturns affecting the global market for capital goods; and other risks and uncertainties including but not limited to those described in "Item 1A-Risk Factors" of the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on February 26, 2019 and from time to time in other filed reports. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. The forward-looking statements included in this presentation are made only as of their respective dates, and we undertake no obligation to update these statements to reflect subsequent events or circumstances.

We prepare financial statements in accordance with accounting principles generally accepted in the United States ("GAAP"). We also periodically disclose certain financial measures in our quarterly earnings releases, on investor conference calls, and in investor presentations and similar events that may be considered "non-GAAP" financial measures. This additional information is not meant to be considered in isolation or as a substitute for our results of operations prepared and presented in accordance with GAAP.

In this presentation, we disclose the following non-GAAP financial measures, and we reconcile these measures in the tables below to the most directly comparable GAAP financial measures: adjusted diluted earnings per share (both historical and projected), adjusted income from operations, adjusted operating margin, adjusted net sales, net debt, adjusted EBITDA, adjusted net income attributable to Regal Beloit Corporation, free cash flow, and free cash flow as a percentage of adjusted net income attributable to Regal Beloit Corporation, adjusted income before taxes, adjusted provision for income taxes, adjusted effective tax rate, net sales from ongoing business, adjusted income from operations of ongoing business, ongoing business adjusted operating margin, and adjusted diluted earnings per share for ongoing business. We believe that these non-GAAP financial measures are useful measures for providing investors with additional information regarding our results of operations and for helping investors understand and compare our operating results across accounting periods and compared to our peers. Our management primarily uses adjusted income from operations, adjusted operating income, and adjusted operating margin to help us manage and evaluate our business and make operating decisions, while adjusted diluted earnings per share, net debt, adjusted EBITDA, adjusted net sales, adjusted net income attributable to Regal Beloit Corporation, free cash flow, free cash flow as a percentage of adjusted net income attributable to Regal Beloit

Corporation, adjusted income before taxes, adjusted provision for income taxes, adjusted effective tax rate, net sales from ongoing business, adjusted income from operations of ongoing business, ongoing business adjusted operating margin and adjusted diluted earnings per share for ongoing business are primarily used to help us evaluate our business and forecast our future results. Accordingly, we believe disclosing and reconciling each of these measures helps investors evaluate our business in the same manner as management.

In addition to these non-GAAP measures, we also use the term "organic sales" to refer to GAAP sales from existing operations excluding any sales from acquired businesses recorded prior to the first anniversary of the acquisition ("net sales from business acquired") and excluding any sales from business divested/to be exited ("net sales from business divested/to be exited") recorded prior to the first anniversary of the exit and excluding the impact of foreign currency translation. The impact of foreign currency translation is determined by translating the respective period's organic sales using the currency exchange rates that were in effect during the prior year periods. We use the term "organic sales growth" to refer to the increase in our sales between periods that is attributable to organic sales. For further clarification, we may use the term "acquisition growth" to refer to the increase in our sales between periods that is attributable to acquisition sales.

## Opening Comments & Overview

LOUIS PINKHAM, CEO

## 2Q 2019 Results & 2019 Outlook

ROB REHARD, CFO

## Questions & Answers

ALL

## Closing Remarks

LOUIS PINKHAM, CEO



## Highlights

- Organic Growth\* of (2.2%)
- Adjusted Diluted EPS\* of \$1.52
- Adjusted Operating Margin\* of 11.0%
- Total Company Delevered at 16%
- Reorganization of Business, \$15M in 2020 Savings
- Accelerating 80/20 Deployment across Regal
- Divested Vapor Recovery Business
- Solid Climate and PTS Performance, C&I Challenges
- Free Cash Flow\* 122% of Adjusted Net Income
- Repurchased 731,745 Shares for \$56M

(\$ in millions, except per share data)	2Q 2019	2Q 2018
<b>Adjusted Net Sales*</b>	<b>\$868.1</b>	<b>\$901.3</b>
<b>Adjusted Income from Operations*</b>	<b>\$95.4</b>	<b>\$100.8</b>
<b>Adjusted Operating Margin*</b>	<b>11.0%</b>	<b>11.2%</b>
<b>Adjusted Diluted EPS*</b>	<b>\$1.52</b>	<b>\$1.52</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$112.3</b>	<b>\$101.8</b>

\* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

***Leveraging Reorganization to Drive P&L Focus Deeper and Further Deploying 80/20***

## Sales

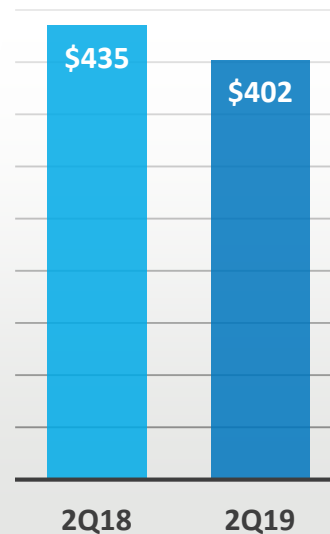
- Organic Sales\* Down 5.5%
- Market Performance
  - NA Pool Pump
  - China
  - Commercial HVAC
  - Power Generation
  - + Distribution Share

## Adjusted Operating Margin\*

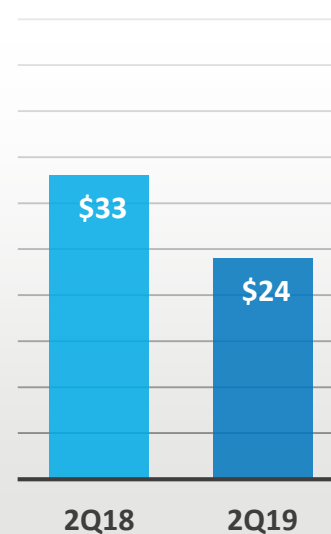
- 6.0% of Adj. Net Sales
- Down 160 bps from Prior Year
  - Inventory Adjustment
  - FX Translation
  - Unit Volume
  - + Price/Cost
  - + 80/20

\* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

### Adjusted Net Sales\* (\$ Millions)



### Adjusted Income from Operations\* (\$ Millions)



**End Market Weakness Likely to Continue in 2H; Solid Deleveraging in 2Q**

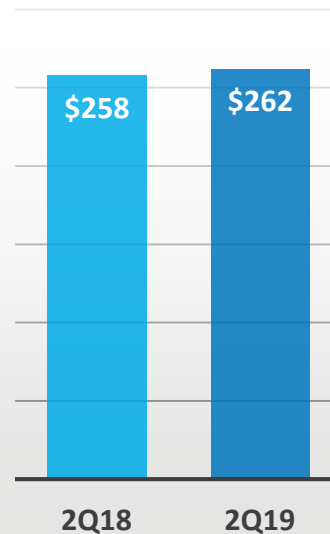
## Sales

- Organic Sales\* Up 2.3%
- Market Performance
  - + FER Pre-buy
  - + NA Residential HVAC
  - Commercial Refrigeration
  - Account Pruning

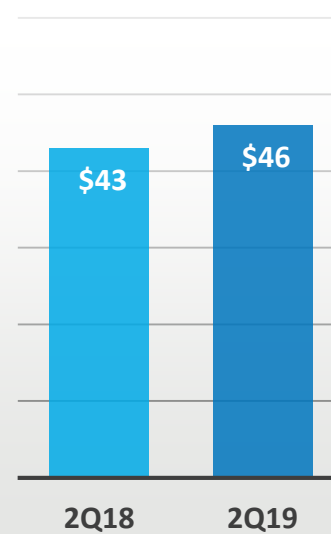
## Adjusted Operating Margin\*

- 17.6% of Adj. Net Sales
- Up 110 bps from Prior Year
  - + Productivity
  - + Price/Cost
  - + Mix-up from Divestitures
  - + 80/20

Adjusted Net Sales\*  
(\$ Millions)



Adjusted Income from  
Operations\*  
(\$ Millions)



\* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

*Continuing Solid Momentum in Our Climate Solutions Segment*

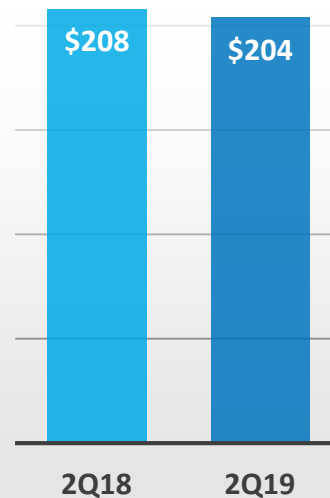
## Sales

- Organic Sales\* Down 0.8%
- Market Performance
  - Industrial Distribution De-stocking
  - Upstream Oil & Gas
  - Agriculture
  - Beverage
  - + Renewable Energy

## Adjusted Operating Margin\*

- 12.4% of Adj. Net Sales
- Up 40 bps from Prior Year
  - + Price/Cost
  - + Productivity

Adjusted Net Sales\*  
(\$ Millions)



Adjusted Income from  
Operations\*  
(\$ Millions)



\* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

***Strong Performance Despite Demand Headwinds***



## Capital Expenditures

- \$36.0 Million in 2Q 2019
- \$85.0 Million Expected in FY 2019

## Restructuring & Related Costs

- \$3.6 Million in 2Q 2019
- \$13.0 Million Expected in FY 2019
- \$15.0 Million Expected Annual Savings from Reorganization

## Effective Tax Rate (ETR)

- 20.4% Adj. ETR\* in 2Q 2019
- 21.0% Adj. ETR\* expected in FY 2019

\* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

## Balance Sheet as June 29, 2019

- Total Debt of \$1,223 Million
- Net Debt of \$932 Million
- Net Debt/Adj. EBITDA\* of 1.8

## Free Cash Flow\*

- \$76.3 Million in 2Q 2019
- 121.9% of Adj. Net Income
- Expect FY 2019 > 100% of Adj. Net Income
- Repurchased 731,745 Shares for a Total of \$55.9 Million in 2Q 2019

## Divested Vapor Recovery Business

- Closed Sale on July 2, 2019
- Annualized Sales of ~\$50 Million
- Previous 2019 EPS Guidance Included \$0.12 for Business

***Continuing Balanced Capital Allocation Strategy***

## FY 2019 Expected Performance

- Organic Growth Down Low to Mid-Single Digit
- Weather Conditions
- Global Trade Uncertainties
- Excess Channel Inventories
- Economic Slowdown in Asia & Europe

## FY 2019 GAAP Diluted EPS Guidance Lowered to \$6.00 to \$6.30

## FY 2019 Adjusted Diluted EPS\* Guidance Lowered to \$5.50 to \$5.80

- Divestiture Exclusion of \$0.12 and Impact from Volume Deleverage
- Partially Offset by Productivity Improvements, Positive Price/Cost, and 80/20 Efforts

\* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

***Energized Around New Organizational Structure and Opportunity for Future Profitable Growth***



**REGAL**

# 20Q

## Questions & Answers

**Louis Pinkham**  
Chief Executive Officer

**Jon Schlemmer**  
Chief Operating Officer

**Rob Rehard**  
Vice President  
Chief Financial Officer

**Rob Cherry**  
Vice President  
Business Development  
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**ADJUSTED DILUTED EARNINGS PER SHARE**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>Jun 29, 2019</b>	<b>Jun 30, 2018</b>	<b>Jun 29, 2019</b>	<b>Jun 30, 2018</b>
GAAP Diluted Earnings Per Share	\$ 1.55	\$ 1.50	\$ 3.54	\$ 2.81
Restructuring and Related Costs	0.07	0.03	0.11	0.06
Purchase Accounting and Transaction Costs	—	0.08	—	0.08
Gain on Businesses Divested and Assets to be Exited	(0.10)	—	(0.69)	—
Net Income from Businesses Divested/to be Exited	—	(0.09)	(0.04)	(0.17)
CEO Transition Costs	—	—	0.03	—
Adjusted Diluted Earnings Per Share	<b>\$ 1.52</b>	<b>\$ 1.52</b>	<b>\$ 2.95</b>	<b>\$ 2.78</b>

**2019 ADJUSTED ANNUAL GUIDANCE**

	<b>Minimum</b>	<b>Maximum</b>
2019 Diluted EPS Annual Guidance	\$ 6.00	\$ 6.30
Restructuring and Related Costs	0.23	0.23
Gain on Businesses Divested and Assets to be Exited	(0.68)	(0.68)
Net Income from Businesses to be Divested/Exited	(0.10)	(0.10)
CEO Transition Costs	0.05	0.05
2019 Adjusted Diluted EPS Annual Guidance	<b>\$ 5.50</b>	<b>\$ 5.80</b>

**ADJUSTED INCOME FROM OPERATIONS**

(Dollars in Millions)

GAAP Income from Operations  
 Restructuring and Related Costs  
 Purchase Accounting and Transaction Costs  
 (Gain) Loss on Businesses Divested and Assets to be Exited  
 Operating Income from Businesses Divested/to be Exited  
 CEO Transition Costs  
 Adjusted Income from Operations

GAAP Operating Margin %  
 Adjusted Operating Margin %

**Three Months Ended**

	Commercial & Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
	Jun 29, 2019	Jun 30, 2018	Jun 29, 2019	Jun 30, 2018	Jun 29, 2019	Jun 30, 2018	Jun 29, 2019	Jun 30, 2018
	<b>\$ 19.5</b>	\$ 30.5	<b>\$ 51.7</b>	\$ 44.0	<b>\$ 24.8</b>	\$ 25.1	<b>\$ 96.0</b>	\$ 99.6
2.6	0.7	0.6	0.7	0.4	0.1	3.6	1.5	
-	5.1	-	-	-	-	-	5.1	
1.8	-	(6.1)	-	0.1	-	(4.2)	-	
-	(3.0)	(0.1)	(2.1)	-	(0.3)	(0.1)	(5.4)	
0.1	-	-	-	-	-	0.1	-	
<b>\$ 24.0</b>	<b>\$ 33.3</b>	<b>\$ 46.1</b>	<b>\$ 42.6</b>	<b>\$ 25.3</b>	<b>\$ 24.9</b>	<b>\$ 95.4</b>	<b>\$ 100.8</b>	
4.9%	6.5 %	19.3 %	15.9 %	12.2 %	11.8 %	11.0 %	10.4 %	
6.0%	7.6 %	17.6 %	16.5 %	12.4 %	12.0 %	11.0 %	11.2 %	

**Six Months Ended****ADJUSTED INCOME FROM OPERATIONS**

(Dollars in Millions)

GAAP Income from Operations  
 Restructuring and Related Costs  
 Purchase Accounting and Transaction Costs  
 (Gain) Loss on Businesses Divested and Assets to be Exited  
 Operating (Income) Loss from Businesses Divested/to be Exited  
 CEO Transition Costs  
 Adjusted Income from Operations

GAAP Operating Margin %  
 Adjusted Operating Margin %

	Commercial & Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
	Jun 29, 2019	Jun 30, 2018	Jun 29, 2019	Jun 30, 2018	Jun 29, 2019	Jun 30, 2018	Jun 29, 2019	Jun 30, 2018
	<b>\$ 73.0</b>	\$ 59.6	<b>\$ 90.6</b>	\$ 76.3	<b>\$ 53.0</b>	\$ 51.9	<b>\$ 216.6</b>	\$ 187.8
4.7	2.0	0.7	1.1	0.5	0.1	5.9	3.2	
0.1	5.1	-	-	-	-	0.1	5.1	
(31.8)	-	(4.8)	-	1.2	-	(35.4)	-	
-	(6.3)	(2.0)	(3.7)	(0.3)	0.1	(2.3)	(9.9)	
0.8	-	0.5	-	0.4	-	1.7	-	
<b>\$ 46.8</b>	<b>\$ 60.4</b>	<b>\$ 85.0</b>	<b>\$ 73.7</b>	<b>\$ 54.8</b>	<b>\$ 52.1</b>	<b>\$ 186.6</b>	<b>\$ 186.2</b>	
9.3 %	6.7 %	17.1 %	14.2 %	12.8 %	12.4 %	12.5 %	10.2 %	
6.0 %	7.4 %	16.7 %	14.7 %	13.4 %	12.8 %	11.0 %	10.8 %	

**ADJUSTED NET SALES**

(Dollars in Millions)

Net Sales  
 Nets Sales for Businesses Divested/to be Exited  
 Adjusted Net Sales

**Three Months Ended**

<b>Commercial &amp; Industrial Systems</b>		<b>Climate Solutions</b>		<b>Power Transmission Solutions</b>		<b>Total Regal</b>	
<b>Jun 29, 2019</b>	<b>Jun 30, 2018</b>	<b>Jun 29, 2019</b>	<b>Jun 30, 2018</b>	<b>Jun 29, 2019</b>	<b>Jun 30, 2018</b>	<b>Jun 29, 2019</b>	<b>Jun 30, 2018</b>
\$ 401.8	\$ 469.0	\$ 267.9	\$ 277.3	\$ 204.0	\$ 213.4	\$ 873.7	\$ 959.7
-	(33.6)	(5.6)	(19.2)	-	(5.6)	(5.6)	(58.4)
<b>\$ 401.8</b>	<b>\$ 435.4</b>	<b>\$ 262.3</b>	<b>\$ 258.1</b>	<b>\$ 204.0</b>	<b>\$ 207.8</b>	<b>\$ 868.1</b>	<b>\$ 901.3</b>

**Six Months Ended****ADJUSTED NET SALES**

(Dollars in Millions)

Net Sales  
 Nets Sales for Businesses Divested/to be Exited  
 Adjusted Net Sales

<b>Commercial &amp; Industrial Systems</b>		<b>Climate Solutions</b>		<b>Power Transmission Solutions</b>		<b>Total Regal</b>	
<b>Jun 29, 2019</b>	<b>Jun 30, 2018</b>	<b>Jun 29, 2019</b>	<b>Jun 30, 2018</b>	<b>Jun 29, 2019</b>	<b>Jun 30, 2018</b>	<b>Jun 29, 2019</b>	<b>Jun 30, 2018</b>
\$ 782.1	\$ 883.0	\$ 531.2	\$ 537.2	\$ 414.2	\$ 418.3	\$ 1,727.5	\$ 1,838.5
-	(67.1)	(21.1)	(37.2)	(5.6)	(9.9)	(26.7)	(114.2)
<b>\$ 782.1</b>	<b>\$ 815.9</b>	<b>\$ 510.1</b>	<b>\$ 500.0</b>	<b>\$ 408.6</b>	<b>\$ 408.4</b>	<b>\$ 1,700.8</b>	<b>\$ 1,724.3</b>

**ADJUSTED EFFECTIVE TAX RATE**

	Three Months Ended		Six Months Ended	
	Jun 29, 2019	Jun 30, 2018	Jun 29, 2019	Jun 30, 2018
Income before Taxes	\$ 83.8	\$ 85.6	\$ 191.8	\$ 160.6
Provision for Income Taxes	16.4	18.3	37.6	34.0
Effective Tax Rate	19.6%	21.4%	19.6%	21.2%
Income before Taxes	\$ 83.8	\$ 85.6	\$ 191.8	\$ 160.6
Gain on Businesses Divested and Assets to be Exited	(4.2)	-	(35.4)	-
Adjusted Income before Taxes	\$ 79.6	\$ 85.6	\$ 156.4	\$ 160.6
Provision for Income Taxes	\$ 16.4	\$ 18.3	\$ 37.6	\$ 34.0
Tax Effect from Gain on Businesses Divested and Assets to be Exited	(0.2)	-	(5.5)	-
Adjusted Provision for Income Taxes	\$ 16.2	\$ 18.3	\$ 32.1	\$ 34.0
Adjusted Effective Tax Rate	20.4%	21.4%	20.5%	21.2%

**FREE CASH FLOW**

(Dollars in Millions)

	<b><u>Three Months Ended</u></b>		<b><u>Six Months Ended</u></b>	
	<b><u>Jun 29, 2019</u></b>	<b><u>Jun 30, 2018</u></b>	<b><u>Jun 29, 2019</u></b>	<b><u>Jun 30, 2018</u></b>
Net Cash Provided by Operating Activities	\$ 112.3	\$ 101.8	\$ 130.6	\$ 144.3
Additions to Property Plant and Equipment	(36.0)	(21.2)	(56.2)	(40.5)
Free Cash Flow	<b><u>\$ 76.3</u></b>	<b><u>\$ 80.6</u></b>	<b><u>\$ 74.4</u></b>	<b><u>\$ 103.8</u></b>
GAAP Net Income Attributable to Regal Beloit Corporation	\$ 66.6	\$ 65.9	\$ 152.5	\$ 124.3
Gain on Businesses Divested and Assets to be Exited	(4.2)	-	(35.4)	-
Tax Effect from Gain on Businesses Divested and Assets to be Exited	0.2	-	5.5	-
Adjusted Net Income Attributable to Regal Beloit Corporation	<b><u>\$ 62.6</u></b>	<b><u>\$ 65.9</u></b>	<b><u>\$ 122.6</u></b>	<b><u>\$ 124.3</u></b>
Free Cash Flow as a Percentage of Adjusted Net Income Attributable to Regal Beloit Corporation	<b>121.9 %</b>	122.3 %	<b>60.7 %</b>	83.5 %



**ORGANIC SALES GROWTH**

(Dollars in Millions)

	Three Months Ended			
	Commercial & Industrial Systems	Climate Solutions	Power Transmission Solutions	Total Regal
Net Sales Three Months Ended Jun 29, 2019	\$ 401.8	\$ 267.9	\$ 204.0	\$ 873.7
Net Sales from Business Divested/to be Exited	-	(5.6)	-	(5.6)
Impact from Foreign Currency Exchange Rates	9.5	1.8	2.1	13.4
Organic Sales Three Months Ended Jun 29, 2019	<u>\$ 411.3</u>	<u>\$ 264.1</u>	<u>\$ 206.1</u>	<u>\$ 881.5</u>
Net Sales Three Months Ended Jun 30, 2018	\$ 469.0	\$ 277.3	\$ 213.4	\$ 959.7
Net Sales from Business Divested/to be Exited	(33.6)	(19.2)	(5.6)	(58.4)
Adjusted Net Sales Three Months Ended Jun 30, 2018	<u>\$ 435.4</u>	<u>\$ 258.1</u>	<u>\$ 207.8</u>	<u>\$ 901.3</u>
Organic Sales Growth %	(5.5)%	2.3 %	(0.8)%	(2.2)%
Net Sales Growth %	(14.3)%	(3.4)%	(4.4)%	(9.0)%

**ORGANIC SALES GROWTH**

(Dollars in Millions)

	Six Months Ended			
	Commercial & Industrial Systems	Climate Solutions	Power Transmission Solutions	Total Regal
Net Sales Six Months Ended Jun 29, 2019	\$ 782.1	\$ 531.2	\$ 414.2	\$ 1,727.5
Net Sales from Business Acquired	(31.7)	-	-	(31.7)
Net Sales from Business Divested/to be Exited	-	(21.1)	(5.6)	(26.7)
Impact from Foreign Currency Exchange Rates	17.6	4.7	4.9	27.2
Organic Sales Six Months Ended Jun 29, 2019	<u>\$ 768.0</u>	<u>\$ 514.8</u>	<u>\$ 413.5</u>	<u>\$ 1,696.3</u>
Net Sales Six Months Ended Jun 30, 2018	\$ 883.0	\$ 537.2	\$ 418.3	\$ 1,838.5
Net Sales from Business Divested/to be Exited	(67.1)	(37.2)	(9.9)	(114.2)
Adjusted Net Sales Six Months Ended Jun 30, 2018	<u>\$ 815.9</u>	<u>\$ 500.0</u>	<u>\$ 408.4</u>	<u>\$ 1,724.3</u>
Organic Sales Growth %	(5.9)%	3.0 %	1.2 %	(1.6)%
Net Sales Growth %	(11.4)%	(1.1)%	(1.0)%	(6.0)%

**TOTAL NET DEBT/ADJUSTED EBITDA**

(Dollars in Millions)

**LTM Jun 29,  
2019**

Net Income	\$	263.4
Plus: Taxes		60.0
Plus: Interest Expense		55.0
Less: Interest Income		(3.6)
Plus: Depreciation and Amortization		137.9
Plus: Restructuring and Related Costs		10.4
Plus: Purchase Accounting & Transaction Costs		0.4
Plus: Impairment and Exit Related Costs		44.9
Plus: CEO Transition Costs		5.5
Less: Operating Income from Businesses Divested/to be Exited		(12.0)
Less: Gain on Sale of Assets		(2.2)
Less: Gain on Divestiture of Business		(45.4)
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>514.3</b>
Current Maturities of Debt	\$	0.6
Long-Term Debt		1,222.7
Less: Cash		(291.3)
<b>Total Net Debt</b>	<b>\$</b>	<b>932.0</b>
<b>Total Net Debt/Adjusted EBITDA</b>		<b>1.8</b>

The following tables outline the first and second quarter 2018 net sales and income from operations illustrating the impact of businesses divested and to be exited, which can be used to compare to Regal's 2019 guidance and actual performance.

	<b>Commercial &amp; Industrial Systems</b>	<b>Climate Solutions</b>	<b>Power Transmission Solutions</b>	<b>Total Regal</b>
<b>Fiscal 2018 First Quarter Schedule for Ongoing Business</b>				
Net Sales Three Months Ended March 31, 2018	\$ 414.0	\$ 259.9	\$ 204.9	\$ 878.8
Net Sales from Businesses Divested/to be Exited	(43.9)	(18.0)	(4.3)	(66.2)
Adjusted Net Sales from Ongoing Business	<u>\$ 370.1</u>	<u>\$ 241.9</u>	<u>\$ 200.6</u>	<u>\$ 812.6</u>
GAAP Income from Operations Three Months Ended March 31, 2018	\$ 29.1	\$ 32.3	\$ 26.8	\$ 88.2
Restructuring and Related Costs	1.3	0.4	-	1.7
Income from Operations of Businesses Divested/to be Exited	(2.8)	(1.6)	0.4	(4.0)
Adjusted Income from Operations of Ongoing Business	<u>\$ 27.6</u>	<u>\$ 31.1</u>	<u>\$ 27.2</u>	<u>\$ 85.9</u>
Ongoing Business Adjusted Operating Margin %	7.5%	12.9%	13.6%	10.6%
<b>Fiscal 2018 Second Quarter Schedule for Ongoing Business</b>				
Net Sales Three Months Ended June 30, 2018	\$ 469.0	\$ 277.3	\$ 213.4	\$ 959.7
Net Sales from Businesses Divested/to be Exited	(43.7)	(19.2)	(5.6)	(68.5)
Adjusted Net Sales from Ongoing Business	<u>\$ 425.3</u>	<u>\$ 258.1</u>	<u>\$ 207.8</u>	<u>\$ 891.2</u>
GAAP Income from Operations Three Months Ended June 30, 2018	\$ 30.5	\$ 44.0	\$ 25.1	\$ 99.6
Restructuring and Related Costs	0.7	0.7	0.1	1.5
Purchase Accounting and Transaction Costs	5.1	-	-	5.1
Income from Operations of Businesses Divested/to be Exited	(4.0)	(2.1)	(0.3)	(6.4)
Adjusted Income from Operations of Ongoing Business	<u>\$ 32.3</u>	<u>\$ 42.6</u>	<u>\$ 24.9</u>	<u>\$ 99.8</u>
Ongoing Business Adjusted Operating Margin %	7.6%	16.5%	12.0%	11.2%

The following tables outline the third and fourth quarter 2018 net sales and income from operations illustrating the impact of businesses divested and to be exited, which can be used to compare to Regal's 2019 guidance and actual performance.

	<u>Commercial &amp; Industrial Systems</u>	<u>Climate Solutions</u>	<u>Power Transmission Solutions</u>	<u>Total Regal</u>
<b>Fiscal 2018 Third Quarter Schedule for Ongoing Business</b>				
Net Sales Three Months Ended September 29, 2018	\$ 462.3	\$ 255.4	\$ 207.7	\$ 925.4
Net Sales from Businesses Divested/to be Exited	(46.7)	(13.3)	(4.8)	(64.8)
Adjusted Net Sales from Ongoing Business	<u>\$ 415.6</u>	<u>\$ 242.1</u>	<u>\$ 202.9</u>	<u>\$ 860.6</u>
GAAP Income from Operations Three Months Ended September 29, 2018	\$ 35.3	\$ 6.0	\$ 28.1	\$ 69.4
Restructuring and Related Costs	1.9	0.3	0.1	2.3
Purchase Accounting and Transaction Costs	0.2	-	-	0.2
Impairment and Exit Related Costs	-	34.9	-	34.9
Income from Operations of Businesses Divested/to be Exited	(5.2)	(1.5)	(0.3)	(7.0)
Adjusted Income from Operations of Ongoing Business	<u>\$ 32.2</u>	<u>\$ 39.7</u>	<u>\$ 27.9</u>	<u>\$ 99.8</u>
Ongoing Business Adjusted Operating Margin %	7.7%	16.4%	13.8%	11.6%
<b>Fiscal 2018 Fourth Quarter Schedule for Ongoing Business</b>				
Net Sales Three Months Ended December 29, 2018	\$ 436.7	\$ 232.2	\$ 212.8	\$ 881.7
Net Sales from Businesses Divested/to be Exited	(47.5)	(11.2)	(5.2)	(63.9)
Adjusted Net Sales from Ongoing Business	<u>\$ 389.2</u>	<u>\$ 221.0</u>	<u>\$ 207.6</u>	<u>\$ 817.8</u>
GAAP Income from Operations Three Months Ended December 29, 2018	\$ 32.1	\$ 33.3	\$ 24.4	\$ 89.8
Restructuring and Related Costs	1.7	0.4	0.1	2.2
Purchase Accounting and Transaction Costs	0.1	-	-	0.1
Gain on Sale of Assets	(1.5)	(0.7)	-	(2.2)
CEO Transition Costs	1.8	1.1	0.9	3.8
Income from Operations of Businesses Divested/to be Exited	(4.6)	(1.6)	(0.3)	(6.5)
Adjusted Income from Operations of Ongoing Business	<u>\$ 29.6</u>	<u>\$ 32.5</u>	<u>\$ 25.1</u>	<u>\$ 87.2</u>
Ongoing Business Adjusted Operating Margin %	7.6%	14.7%	12.1%	10.7%

The following tables outline the full year 2018 net sales and income from operations, and the full year adjusted diluted earnings per share, illustrating the impact of businesses divested and to be exited, which can be used to compare to Regal's 2019 guidance and actual performance.

	<b>Commercial &amp; Industrial Systems</b>	<b>Climate Solutions</b>	<b>Power Transmission Solutions</b>	<b>Total Regal</b>
<b>Fiscal 2018 Full Year Schedule for Ongoing Business</b>				
Net Sales Twelve Months Ended December 29, 2018	\$ 1,782.0	\$ 1,024.8	\$ 838.8	\$ 3,645.6
Net Sales from Businesses Divested/to be Exited	(181.8)	(61.7)	(19.9)	(263.4)
Adjusted Net Sales from Ongoing Business	<u>\$ 1,600.2</u>	<u>\$ 963.1</u>	<u>\$ 818.9</u>	<u>\$ 3,382.2</u>
GAAP Income from Operations Twelve Months Ended December 29, 2018	\$ 127.0	\$ 115.6	\$ 104.4	\$ 347.0
Restructuring and Related Costs	5.6	1.8	0.3	7.7
Purchase Accounting and Transaction Costs	5.4	-	-	5.4
Gain on Sale of Assets	(1.5)	(0.7)	-	(2.2)
CEO Transition Costs	1.8	1.1	0.9	3.8
Impairment and Exit Related Costs	-	34.9	-	34.9
Income from Operations of Businesses Divested/to be Exited	(16.6)	(6.8)	(0.5)	(23.9)
Adjusted Income from Operations of Ongoing Business	<u>\$ 121.7</u>	<u>\$ 145.9</u>	<u>\$ 105.1</u>	<u>\$ 372.7</u>
Ongoing Business Adjusted Operating Margin %	7.6%	15.1%	12.8%	11.0%

**2018 ADJUSTED DILUTED EARNINGS PER SHARE FOR ONGOING BUSINESS**

	<b>Three Months Ended</b>				<b>Twelve Months</b>
	<b>Mar 31, 2018</b>	<b>Jun 30, 2018</b>	<b>Sep 29, 2018</b>	<b>Dec 29, 2018</b>	<b>Ended Dec 29,</b>
Adjusted Diluted Earnings Per Share	\$ 1.33	\$ 1.59	\$ 1.67	\$ 1.41	<u>\$ 6.00</u>
Earnings Per Share from Businesses Divested/to be Exited	(0.06)	(0.09)	(0.11)	(0.10)	<u>(0.36)</u>
Adjusted Diluted Earnings Per Share for Ongoing Business	<u>\$ 1.27</u>	<u>\$ 1.50</u>	<u>\$ 1.56</u>	<u>\$ 1.31</u>	<u>\$ 5.64</u>

	1Q	2Q	3Q	4Q	FY
2014	63	63	63	64	253
2015	64	63	64	59	250
2016	64	64	63	60	251
2017	64	63	63	60	250
2018	63	64	63	61	251
2019	63	63	63	61	250

- Regal operates on a 52/53 week fiscal year ending on the Saturday closest to December 31
- Fiscal Years 2015, 2016, 2017, 2018 and 2019 have 52 weeks
- Fiscal Year 2014 had 53 weeks