



Creating a better tomorrow™ ...

Fourth Quarter 2024 Earnings

February 6, 2025

Louis Pinkham, Chief Executive Officer

Rob Rehard, Executive Vice President, Chief Financial Officer



All statements in this communication, other than those relating to historical facts, are "forward-looking statements." Forward-looking statements can generally be identified by their use of terms such as "anticipate," "believe," "confident," "estimate," "expect," "intend," "plan," "may," "will," "project," "forecast," "would," "could," "should," and similar expressions, including references to assumptions. Forward-looking statements are not guarantees of future performance and are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such statements. Forward-looking statements include, but are not limited to, statements about expected market or macroeconomic trends, future strategic plans and future financial and operating results. Important factors that could cause actual results to differ materially from those presented or implied in the forward-looking statements in this communication include, without limitation: the possibility that the Company may be unable to achieve expected benefits, synergies and operating efficiencies in connection with the sale of the Industrial Motors and Generators businesses, the acquisition of Altra Industrial Motion Corp. ("Altra Transaction"), and the merger with the Rexnord Process & Motion Control business (the "Rexnord PMC business") within the expected time-frames or at all and to successfully integrate Altra Industrial Motion Corp. ("Altra") and the Rexnord PMC business; the Company's substantial indebtedness as a result of the Altra Transaction and the effects of such indebtedness on the Company's financial flexibility; the Company's ability to achieve its objectives on reducing its indebtedness on the desired timeline; dependence on key suppliers and the potential effects of supply disruptions; fluctuations in commodity prices and raw material costs; any unforeseen changes to or the effects on liabilities, future capital expenditures, revenue, expenses, synergies, indebtedness, financial condition, losses and future prospects; unanticipated operating costs, customer loss and business disruption or the Company's inability to forecast customer needs; the Company's ability to retain key executives and employees; uncertainties regarding our ability to execute restructuring plans within expected costs and timing; challenges to the tax treatment that was elected with respect to the merger with the Rexnord PMC business and related transactions; actions taken by competitors and their ability to effectively compete in the increasingly competitive global industries and markets; our ability to develop new products based on technological innovation, such as the Internet of Things and artificial intelligence, and marketplace acceptance of new and existing products; dependence on significant customers and distributors; risks associated with climate change, including unexpected weather events in markets in which we do business, and uncertainty regarding our ability to deliver on our sustainability commitments and/or to meet related investor, customer and other third party expectations relating to our sustainability efforts; changes to and uncertainty in trade policy, including proposed tariffs on imports into the US from Canada, Mexico and China, or tariff and import/export regulations or other trade restrictions imposed by the US or other governments; risks associated with global manufacturing, including risks associated with public health crises and political, societal or economic instability, including instability caused by ongoing geopolitical conflicts; issues and costs arising from the integration of acquired companies and businesses; prolonged declines in one or more markets, including disruptions caused by labor disputes or other labor activities, natural disasters, terrorism, acts of war, international conflicts, pandemics and political and government actions; risks associated with excess or obsolete inventory charges including related write-offs or write-downs; economic changes in global markets, such as reduced demand for products, currency exchange rates, inflation rates, interest rates, recession, government policies, including policy changes affecting taxation, trade, tariffs, import/export regulations, immigration, customs, border actions and the like, and other external factors that the Company cannot control; product liability, asbestos and other litigation, or claims by end users, government agencies or others that products or customers' applications failed to perform as anticipated; unanticipated liabilities of acquired businesses; unanticipated adverse effects or liabilities from business exits or divestitures; the Company's ability to identify and execute on future M&A opportunities, including significant M&A transactions; the impact of any such M&A transactions on the Company's results, operations and financial condition, including the impact from costs to execute and finance any such transactions; unanticipated costs or expenses that may be incurred related to product warranty issues; infringement of intellectual property by third parties, challenges to intellectual property, and claims of infringement on third party technologies; risks related to foreign currency fluctuations or changes in global commodity prices or interest rates; effects on earnings of any significant impairment of goodwill; losses from failures, breaches, attacks or disclosures involving information technology infrastructure and data; costs and unanticipated liabilities arising from rapidly evolving laws and regulations, including data privacy laws, labor and employment laws, environmental laws and regulations, and tax laws and regulation; and other factors that can be found in our filings with the Securities and Exchange Commission, including our most recent periodic reports filed on Form 10-K and Form 10-Q, which are available on our Investor Relations website. Forward-looking statements are given only as of the date of this communication and we disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

In this presentation, we disclose the following non-GAAP financial measures, which we reconcile in the Appendix to this presentation to the most directly comparable GAAP financial measures: adjusted diluted earnings per share, adjusted income from operations, adjusted operating margin, adjusted net sales, net sales excluding Industrial, adjusted gross margin, adjusted gross margin excluding Industrial, net debt, EBITDA, adjusted EBITDA, adjusted EBITDA excluding Industrial, adjusted EBITDA (including synergies), interest coverage ratio, interest coverage ratio (including synergies), adjusted EBITDA margin, adjusted EBITDA margin excluding Industrial, gross debt/adjusted EBITDA, net debt/adjusted EBITDA, net debt/adjusted EBITDA (including synergies), adjusted cash flows from operations, adjusted free cash flow, adjusted income before taxes, adjusted provision for income taxes, and adjusted effective tax rate. 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 and adjusted operating margin to help us manage and evaluate our business and make operating decisions, while the other non-GAAP measures disclosed 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. This release also includes non-GAAP forward-looking information. The Company believes that a quantitative reconciliation of this forward-looking information to the most comparable financial measure calculated and presented in accordance with GAAP cannot be made available without unreasonable efforts. A reconciliation of this non-GAAP financial measure would require the Company to predict the timing and likelihood of future restructurings and other charges. Neither these forward-looking measures, nor their probable significance, can be quantified with a reasonable degree of accuracy. Accordingly, a reconciliation of the most directly comparable forward-looking GAAP measure is not provided. In addition to these non-GAAP measures, we use the term "organic sales growth" to refer to the increase in our sales between periods that is attributable to organic sales. "Organic sales" refers to GAAP sales from existing operations excluding any sales from acquired businesses recorded prior to the first anniversary of the acquisition and excluding any 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.



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Opening Comments & Overview

LOUIS PINKHAM, CEO

4Q 2024 Results, 2025 Outlook

ROB REHARD, CFO

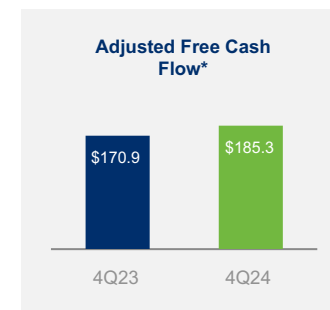
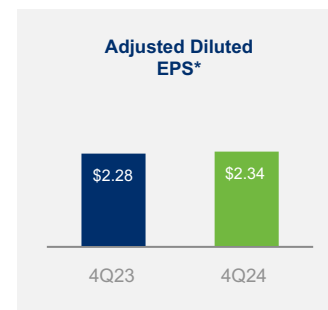
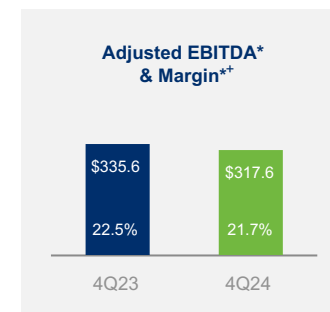
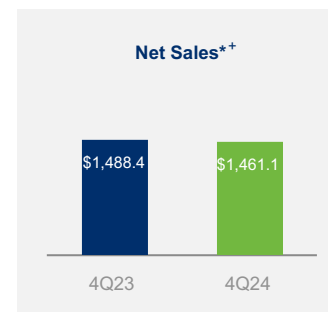
Questions & Answers

Closing Remarks

LOUIS PINKHAM, CEO



- Sales Down 1.4% On An Organic Basis*
 - Sizable EOY Customer Push-Outs; Weaker Machinery/Off-Highway, Factory Automation, General Industrial, General Commercial Markets
 - Strength In Residential HVAC, Food & Beverage, Aerospace, Energy
- Daily Orders Up 4.4%
- Adjusted GM* Of 37.1%, Up 60 BPS Vs. Prior Year*
 - On Track To 40% Target Exiting 2025
- Adjusted EBITDA Margin* Of 21.7%
 - Synergies Of \$23 Million In 4Q, \$101 Million For 2024, Ahead Of Target By \$11 Million
- Adjusted EPS* Of \$2.34, Up 2.6% Vs. Prior Year
- Adjusted Free Cash Flow* Of \$185.3 Million
 - Paid Down \$205 Million Of Gross Debt In 4Q
 - Exceeded Target Of Paying Down ~\$938 Million Of Gross Debt In 2024



* \$ Millions, Except Per Share Data and Percentages; Non-GAAP Financial Measurement, See Appendix For Reconciliation
 ** Excluding Industrial Systems

Why We Won

- Aerospace heritage and pedigree
- Depth and breadth of portfolio, supported by trusted brands
- Qualified subject-matter expertise; Trusted advisor with an engineering focus
- Ability to manufacture high precision, high quality subsystems, at scale

Market Growth Outlook

- 2,000 Advanced Air Mobility (AAM) aircraft per year by 2030¹
- \$220k ship set potential per plane

Honeywell **RegalRexnord**
Aerospace Solutions



RRX Electro-Mechanical Actuator





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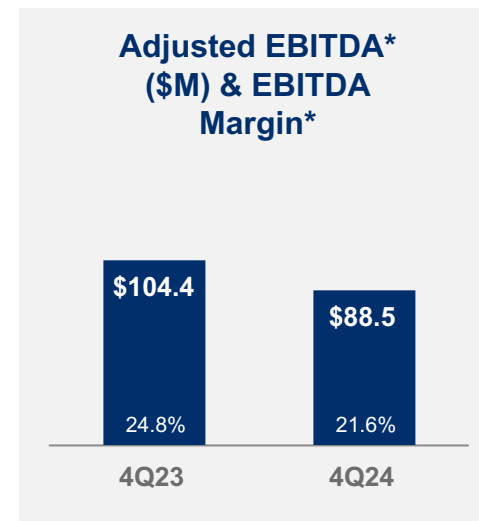
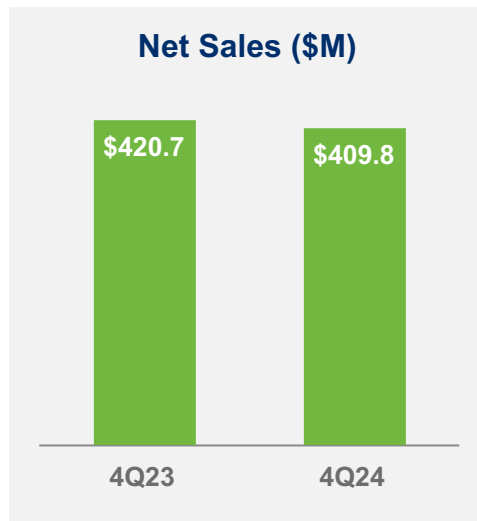
Closing Remarks

LOUIS PINKHAM, CEO



Sales

- **Organic Sales* Down 2.3%**
- **Key Drivers**
 - General Industrial (-)
 - Discrete Automation (-)
 - Food & Beverage (+)
 - Aerospace & Defense (+)

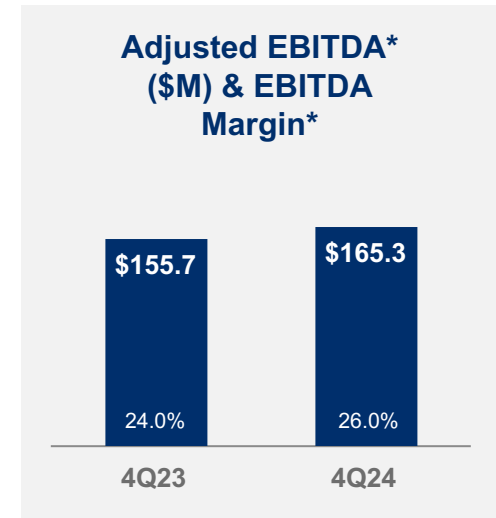
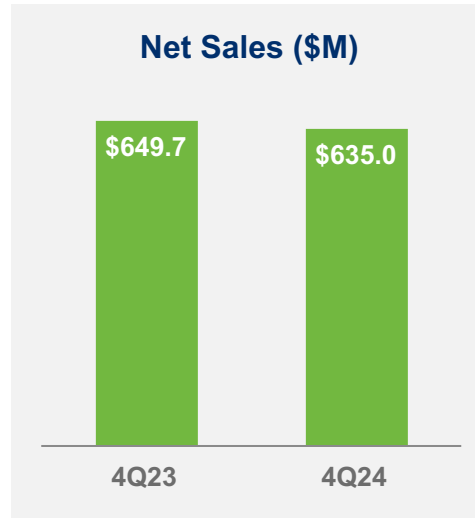


* Non-GAAP Financial Measurement, See Appendix For Reconciliation

Strong Order Momentum, Up 9%, Boosts 2H25 Growth Outlook

Sales

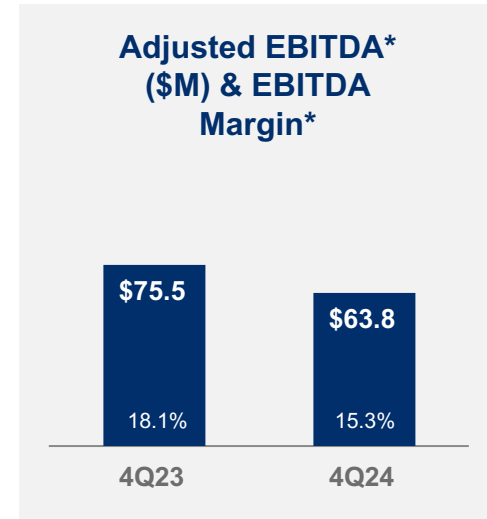
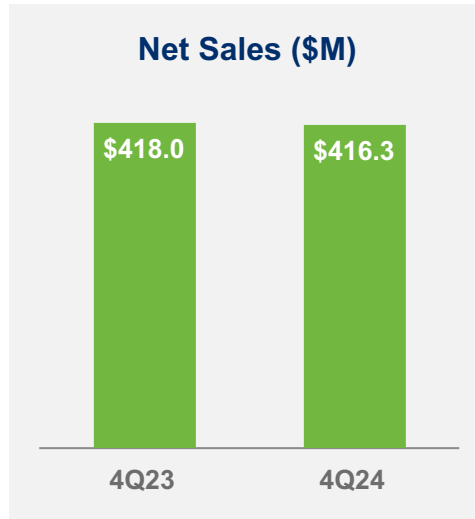
- **Organic Sales* Down 1.9%**
- **Key Drivers**
 - Machinery/Off-Highway (-)
 - General Industrial (-)
 - Metals & Mining (-)
 - Energy (+)
 - Marine (+)



* Non-GAAP Financial Measurement, See Appendix For Reconciliation

Sales

- **Organic Sales* Up Slightly**
- **Key Drivers**
 - R-HVAC (+)
 - Pool (+)
 - N.A. C-HVAC (+)
 - C-HVAC Outside N.A. (-)
 - General Commercial (-)



* Non-GAAP Financial Measurement, See Appendix For Reconciliation

Capital Expenditures

- \$29.3 Million in 4Q 2024

Effective Tax Rate (ETR)

- 16.5% Adj. ETR* in 4Q 2024

Restructuring & Related Costs

- \$37.8 Million in 4Q 2024

Balance Sheet at December 31, 2024

- Total Debt of \$5,457.7 Million
- Net Debt* of \$5,064.2 Million
- Net Debt/Adj. EBITDA* of 3.63⁺
- Interest Coverage Ratio* of 3.66⁺

Adjusted Free Cash Flow*

- \$185.3 Million in 4Q 2024

* Non-GAAP Financial Measure, See Appendix For Reconciliation
+ Including Synergies

- Sales Of ~\$5.86 Billion, Roughly Flat Vs. Prior Year On An Organic Basis
 - FX Headwind Of ~80 BPS
 - Flat Organic Embeds Modest End Market Pressure Offset By Outgrowth
- Adjusted EBITDA Margin* Of ~23.0%
 - \$54 Million Of Synergies In 2025
 - 4Q Exit Rate Approaching ~25%
- Adjusted Diluted EPS* In A Range Of \$9.60 - \$10.40 (M/P \$10.00)
- Adjusted Free Cash Flow* Of ~\$700 Million
 - 4Q Annualized Exit Rate Approaching ~\$900 Million
- Guidance Does Not Consider Mexico Or Canada Tariffs

2025 Guidance Summary

	2024 (As Reported)	2024 (Ex-Industrial)	2025 (Mid-Point)
(\$M, except as noted)			
Sales (\$B)	\$6.03	~\$5.88	~\$5.86
<i>Organic Growth (Y/Y)</i>			<i>~Flat</i>
Adj. EBITDA Margin	21.7%	22.1%	~23.0%
Depreciation	\$164		~\$163
Amortization	\$347		~\$338
Net Interest	\$381		~\$328
Stock Based Comp.	\$35		~\$39
Minority Interest	\$2		~\$1
Diluted Shares (M)	66.7		~66.5
Adj. ETR	20.2%		~22.5%
Adj. EPS (\$)	\$9.12		~\$10.00
<i>Adj. EPS Range</i>			<i>\$9.60-\$10.40</i>

* Non-GAAP Financial Measurement, See Appendix For Reconciliation

Segment	1Q 2025		Segment	FY 2025		Comments
	Sales (\$M)	Adj. EBITDA Margin		Sales*	Adj. EBITDA Margin	
AMC	\$370 - \$390	19.5% - 20.5%	AMC	~Flat	23.0% - 24.0%	<ul style="list-style-type: none"> - Expect stronger 2H growth as rising backlog starts to convert - Mix & volume adding 1H margin pressure
IPS	\$600 - \$625	25.5% - 26.5%	IPS	~Flat	26.5% - 27.5%	<ul style="list-style-type: none"> - Outgrowth, net of markets (LSD) - ISM-related & machinery market pressures, especially in 1H
PES	\$380 - \$405	12.0% - 12.6%	PES	(LSD)	16.0% - 17.0%	<ul style="list-style-type: none"> - Lingering ISM & non-US pressures - Weak R-HVAC consumer demand, A2L destock in 1H - FX pressuring margins



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ADJUSTED DILUTED EARNINGS PER SHARE

Unaudited

	Three Months Ended		Year Ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
GAAP Diluted Earnings (Loss) Per Share	\$ 0.62	\$ 0.84	\$ 2.94	\$ (0.87)
Intangible Amortization	0.98	0.96	3.92	3.49
Restructuring and Related Costs ^(a)	0.44	0.50	1.05	0.96
Transaction and Integration Related Costs ^(b)	0.14	0.05	0.38	1.65
Share-Based Compensation Expense ^(c)	0.11	0.08	0.45	0.72
Loss (Gain) on Sale of Businesses ^(d)	0.06	(0.38)	0.13	1.31
Impairments and Exit Related Costs	0.03	0.04	0.04	0.11
Inventory and Operating Lease Asset Step Up	—	0.01	0.01	0.62
Goodwill Impairment	—	—	—	0.86
Gain on Sale of Assets	(0.02)	—	(0.03)	—
Discrete Tax Items ^(e)	(0.02)	0.18	0.23	0.30
Adjusted Diluted Earnings Per Share	2.34	2.28	9.12	9.15

(a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

(b) For 2024, primarily relates to (1) legal, professional service, rebranding and IT carve-out costs associated with the sale of the industrial motors and generators businesses and (2) legal, professional service and integration costs associated with the Altra Transaction. For 2023, primarily relates to (1) legal, professional service, severance, certain other employee compensation and financing costs and incremental net interest expense on new debt associated with the Altra Transaction and (2) legal and professional service costs associated with the sale of the industrial motors and generators businesses.

(c) Includes the impact related to the accelerated vesting of awards for certain former Altra employees in the first quarter 2023.

(d) Primarily reflects the loss related to the sale of the industrial motors and generators businesses.

(e) Primarily relates to capital gains taxes and deferred income tax remeasurement related to the industrial motors and generators sale for the year ended December 31, 2024.

2025 ADJUSTED ANNUAL GUIDANCE

Unaudited

	<u>Minimum</u>	<u>Maximum</u>
2025 GAAP Diluted EPS Annual Guidance	\$ 4.42	\$ 5.22
Intangible Amortization	3.84	3.84
Restructuring and Related Costs ^(a)	0.56	0.56
Share-Based Compensation Expense	0.50	0.50
Transaction and Separation Related Costs ^(b)	0.28	0.28
2025 Adjusted Diluted EPS Annual Guidance	<u>\$ 9.60</u>	<u>\$ 10.40</u>

(a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

(b) Primarily relates to integration costs associated with the Altra Transaction and IT carve-out costs associated with the sale of the industrial motors and generators businesses.

2025 NET INCOME TO ADJUSTED EBITDA ANNUAL GUIDANCE

Unaudited

(Dollars in Millions)

	<u>Minimum</u>	<u>Maximum</u>
Net Income	\$ 290.2	\$ 342.9
Plus: Income Taxes	84.2	99.5
Plus: Interest Expense	342.5	342.5
Less: Interest Income	(14.8)	(14.8)
Plus: Depreciation	162.7	162.7
Plus: Amortization	338.2	338.2
EBITDA	\$ 1,203.0	\$ 1,271.0
Restructuring and Related Costs ^(a)	48.7	48.7
Plus: Share-Based Compensation Expense	39.2	39.2
Plus: Transaction and Separation Related Costs ^(b)	24.1	24.1
Adjusted EBITDA	\$ 1,315.0	\$ 1,383.0

(a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

(b) Primarily relates to integration costs associated with the Altra Transaction and IT carve-out costs associated with the sale of the industrial motors and generators businesses.

ADJUSTED EBITDA

Unaudited

(Dollars in Millions)

	Three Months Ended									
	Industrial Powertrain Solutions		Power Efficiency Solutions		Automation & Motion Control		Industrial Systems		Total Regal Rexnord	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
GAAP Income from Operations	\$ 66.3	\$ 46.3	\$ 30.4	\$ 47.2	\$ 31.4	\$ 52.5	\$ —	\$ 31.0	\$ 128.1	\$ 177.0
Restructuring and Related Costs ^(a)	20.2	24.6	14.6	14.4	3.0	3.9	—	1.5	37.8	44.4
Inventory and Operating Lease Asset Step Up	—	1.8	—	—	—	(0.2)	—	—	—	1.6
Impairments and Exit Related Costs	0.9	2.7	0.9	—	0.7	0.8	—	—	2.5	3.5
Loss (Gain) on Sale of Businesses ^(b)	1.7	—	1.4	—	1.1	—	—	(25.0)	4.2	(25.0)
Gain on Sale of Assets	(1.2)	—	(0.3)	—	(0.8)	—	—	—	(2.3)	—
Transaction and Integration Related Costs ^(c)	6.8	3.6	3.5	0.5	2.2	0.8	—	2.4	12.5	7.3
Adjusted Income from Operations	<u>\$ 94.7</u>	<u>\$ 79.0</u>	<u>\$ 50.5</u>	<u>\$ 62.1</u>	<u>\$ 37.6</u>	<u>\$ 57.8</u>	<u>\$ —</u>	<u>\$ 9.9</u>	<u>\$ 182.8</u>	<u>\$ 208.8</u>
Amortization	\$ 50.4	\$ 49.4	\$ 1.5	\$ 2.0	\$ 34.6	\$ 33.4	\$ —	\$ 0.3	\$ 86.5	\$ 85.1
Depreciation	19.5	22.1	9.6	8.0	12.0	11.4	—	—	41.1	41.5
Share-Based Compensation Expense	1.6	4.4	2.2	2.8	4.1	1.3	—	0.6	7.9	9.1
Other (Expense) Income, Net	(0.9)	0.8	—	0.6	0.2	0.5	—	0.1	(0.7)	2.0
Adjusted EBITDA ^(d)	<u>\$ 165.3</u>	<u>\$ 155.7</u>	<u>\$ 63.8</u>	<u>\$ 75.5</u>	<u>\$ 88.5</u>	<u>\$ 104.4</u>	<u>\$ —</u>	<u>\$ 10.9</u>	<u>\$ 317.6</u>	<u>\$ 346.5</u>
GAAP Operating Margin %	10.4 %	7.1 %	7.3 %	11.3 %	7.7 %	12.5 %	— %	25.9 %	8.8 %	11.0 %
Adjusted Operating Margin %	14.9 %	12.2 %	12.1 %	14.9 %	9.2 %	13.7 %	— %	8.3 %	12.5 %	13.0 %
Adjusted EBITDA Margin %	26.0 %	24.0 %	15.3 %	18.1 %	21.6 %	24.8 %	— %	9.1 %	21.7 %	21.5 %

(a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

(b) Primarily reflects the loss (gain) related to the sale of the industrial motors and generators businesses.

(c) For 2024, primarily relates to (1) rebranding and IT carve-out costs associated with the sale of the industrial motors and generators businesses and (2) integration costs associated with the Altra Transaction. For 2023, primarily relates to (1) legal, professional service, and certain other employee compensation costs associated with the Altra Transaction and (2) legal and professional service costs associated with the sale of the industrial motors and generators businesses.

(d) Adjusted EBITDA and Adjusted EBITDA Margin % Excluding Industrial for the three months ended December 2023 is calculated as follows:

	Dec 31, 2023
Total Regal Rexnord Adjusted EBITDA	346.5
Less: Industrial Systems Adjusted EBITDA	10.9
Adjusted EBITDA excluding Industrial Systems	<u>335.6</u>
Total Regal Rexnord Net Sales	1,608.2
Less: Industrial Systems Net Sales	119.8
Net Sales excluding Industrial Systems	<u>1,488.4</u>
Adjusted EBITDA Margin % excluding Industrial Systems	22.5 %

ADJUSTED EBITDA

Unaudited

(Dollars in Millions)

	Solutions		Solutions		Year Ended Control		Industrial Systems		Total Regal Rexnord	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
GAAP Income (Loss) from Operations	\$ 322.7	\$ 151.8	\$ 162.6	\$ 217.4	\$ 144.4	\$ 139.0	\$ 0.3	\$ (131.1)	\$ 630.0	\$ 377.1
Restructuring and Related Costs ^(a)	40.5	34.7	33.2	38.5	14.8	8.9	3.1	2.3	91.6	84.4
Inventory and Operating Lease Asset Step Up	0.9	40.5	—	—	—	14.0	—	—	0.9	54.5
Impairments and Exit Related Costs	1.1	4.3	1.1	1.5	1.8	3.4	—	0.4	4.0	9.6
Loss on Sale of Businesses ^(b)	1.7	—	1.4	—	1.1	—	4.3	87.7	8.5	87.7
Goodwill Impairment	—	—	—	—	—	—	—	57.3	—	57.3
Gain on Sale of Assets	(1.2)	—	(0.3)	—	(1.6)	(0.6)	—	—	(3.1)	(0.6)
Transaction and Integration Related Costs ^(c)	19.3	56.9	6.5	0.5	4.5	30.0	3.4	9.3	33.7	96.7
Adjusted Income from Operations	<u>\$ 385.0</u>	<u>\$ 288.2</u>	<u>\$ 204.5</u>	<u>\$ 257.9</u>	<u>\$ 165.0</u>	<u>\$ 194.7</u>	<u>\$ 11.1</u>	<u>\$ 25.9</u>	<u>\$ 765.6</u>	<u>\$ 766.7</u>
Amortization	\$ 201.5	\$ 181.4	\$ 7.7	\$ 8.3	\$ 137.1	\$ 117.2	\$ 0.2	\$ 0.9	\$ 346.5	\$ 307.8
Depreciation	79.1	78.4	37.7	37.1	47.2	41.0	0.4	9.2	164.4	165.7
Share-Based Compensation Expense ^(d)	14.2	29.4	7.8	10.5	11.4	16.0	1.4	2.3	34.8	58.2
Other (Expense) Income, Net	(1.1)	3.3	(0.1)	2.6	0.1	2.1	—	0.7	(1.1)	8.7
Adjusted EBITDA ^(e)	<u>\$ 678.7</u>	<u>\$ 580.7</u>	<u>\$ 257.6</u>	<u>\$ 316.4</u>	<u>\$ 360.8</u>	<u>\$ 371.0</u>	<u>\$ 13.1</u>	<u>\$ 39.0</u>	<u>\$ 1,310.2</u>	<u>\$ 1,307.1</u>
GAAP Operating Margin %	12.4 %	6.3 %	9.9 %	12.0 %	8.8 %	9.2 %	0.2 %	(25.1)%	10.4 %	6.0 %
Adjusted Operating Margin %	14.8 %	12.0 %	12.4 %	14.3 %	10.1 %	12.8 %	7.0 %	5.0 %	12.7 %	12.3 %
Adjusted EBITDA Margin %	26.1 %	24.2 %	15.7 %	17.5 %	22.1 %	24.5 %	8.3 %	7.5 %	21.7 %	20.9 %

(a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

(b) Primarily reflects the loss related to the sale of the industrial motors and generators businesses.

(c) For 2024, primarily relates to (1) legal, professional service, rebranding and IT carve-out costs associated with the sale of the industrial motors and generators businesses and (2) legal, professional service and integration costs associated with the Altra Transaction. For 2023, primarily relates to (1) legal, professional service, and certain other employee compensation costs associated with the Altra Transaction and (2) legal and professional service costs associated with the sale of the industrial motors and generators businesses.

(d) Includes the impact related to the accelerated vesting of awards for certain former Altra employees in the first quarter 2023.

(e) Adjusted EBITDA and Adjusted EBITDA Margin % Excluding Industrial for the year ended December 2024 is calculated as follows:

	December 31, 2024
Total Regal Rexnord Adjusted EBITDA	1,310.2
Less: Industrial Systems Adjusted EBITDA	13.1
Adjusted EBITDA excluding Industrial Systems	<u>1,297.1</u>

Total Regal Rexnord Net Sales	6,033.8
Less: Industrial Systems Net Sales	157.8
Net Sales excluding Industrial Systems	<u>5,876.0</u>

Adjusted EBITDA Margin % excluding Industrial Systems 22.1 %

NET INCOME TO ADJUSTED EBITDA

Unaudited

(Dollars in Millions)

	Three Months Ended		Year Ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Net Income (Loss)	\$ 42.0	\$ 56.6	\$ 198.4	\$ (54.3)
Plus: Income Taxes	(3.6)	17.8	49.6	52.7
Plus: Interest Expense	94.6	107.7	399.7	431.0
Less: Interest Income	(5.6)	(3.1)	(18.8)	(43.6)
Plus: Depreciation	41.1	41.5	164.4	165.7
Plus: Amortization	86.5	85.1	346.5	307.8
EBITDA	\$ 255.0	\$ 305.6	\$ 1,139.8	\$ 859.3
Plus: Restructuring and Related Costs ^(a)	37.8	44.4	91.6	84.4
Plus: Transaction and Integration Related Costs ^(b)	12.5	7.3	33.7	96.7
Plus: Share-Based Compensation Expense ^(c)	7.9	9.1	34.8	58.2
Plus: Loss (Gain) on Sale of Businesses ^(d)	4.2	(25.0)	8.5	87.7
Plus: Impairments and Exit Related Costs	2.5	3.5	4.0	9.6
Plus: Inventory and Operating Lease Asset Step Up	—	1.6	0.9	54.5
Plus: Goodwill Impairment	—	—	—	57.3
Less: Gain on Sale of Assets	(2.3)	—	(3.1)	(0.6)
Adjusted EBITDA	\$ 317.6	\$ 346.5	\$ 1,310.2	\$ 1,307.1

(a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

(b) For 2024, primarily relates to (1) legal, professional service, rebranding and IT carve-out costs associated with the sale of the industrial motors and generators businesses and (2) legal, professional service and integration costs associated with the Altra Transaction. For 2023, primarily relates to (1) legal, professional service, and certain other employee compensation costs associated with the Altra Transaction and (2) legal and professional service costs associated with the sale of the industrial motors and generators businesses.

(c) Includes the impact related to the accelerated vesting of awards for certain former Altra employees in the first quarter 2023.

(d) Primarily reflects the loss related to the sale of the industrial motors and generators businesses.

ADJUSTED EFFECTIVE TAX RATE

Unaudited (Dollars in Millions)

	Three Months Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Income (Loss) before Taxes	\$ 38.4	\$ 74.4	\$ 248.0	\$ (1.6)
(Benefit) Provision for Income Taxes	(3.6)	17.8	49.6	52.7
Effective Tax Rate	(9.4)%	23.9 %	20.0 %	(3293.8)%
Income (Loss) before Taxes	\$ 38.4	\$ 74.4	\$ 248.0	\$ (1.6)
Intangible Amortization	86.5	85.1	346.5	307.8
Restructuring and Related Costs ^(a)	37.8	44.4	91.6	84.4
Transaction and Integration Related Costs ^(b)	12.5	7.3	33.7	136.0
Share-Based Compensation Expense ^(c)	7.9	9.1	34.8	58.2
Loss (Gain) on Sale of Businesses ^(d)	4.2	(25.0)	8.5	87.7
Impairments and Exit Related Costs	2.5	3.5	4.0	9.6
Inventory and Operating Lease Asset Step Up	—	1.6	0.9	54.5
Goodwill Impairment	—	—	—	57.3
Gain on Sale of Assets	(2.3)	—	(3.1)	(0.6)
Adjusted Income before Taxes*	\$ 187.5	\$ 200.4	\$ 764.9	\$ 793.3
(Benefit) Provision for Income Taxes	\$ (3.6)	\$ 17.8	\$ 49.6	\$ 52.7
Tax Effect of Intangible Amortization	21.5	21.3	84.7	75.4
Tax Effect of Restructuring and Related Costs	8.7	11.3	21.9	21.0
Tax Effect of Transaction and Integration Related Costs	3.1	4.0	8.1	25.8
Tax Effect of Share-Based Compensation Expense	0.2	4.2	4.8	10.5
Tax Effect of Impairments and Exit Related Costs	0.6	0.8	1.0	2.3
Tax Effect of Inventory and Operating Lease Asset Step Up	—	0.4	0.2	13.1
Tax Effect of Gain on Sale of Assets	(0.6)	—	(0.8)	—
Discrete Tax Items ^(e)	1.0	(11.9)	(15.3)	(20.1)
Adjusted Provision for Income Taxes*	\$ 30.9	\$ 47.9	\$ 154.2	\$ 180.7
Adjusted Effective Tax Rate*	16.5 %	23.9 %	20.2 %	22.8 %

(a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

(b) For 2024, primarily relates to (1) legal, professional service, rebranding and IT carve-out costs associated with the sale of the industrial motors and generators businesses and (2) legal, professional service and integration costs associated with the Altra Transaction. For 2023, primarily relates to (1) legal, professional service, severance, certain other employee compensation and financing costs and incremental net interest expense on new debt associated with the Altra Transaction and (2) legal and professional service costs associated with the sale of the industrial motors and generators businesses.

(c) Includes the impact related to the accelerated vesting of awards for certain former Altra employees in the first quarter 2023.

(d) Primarily reflects the loss related to the sale of the industrial motors and generators businesses.

(e) Primarily relates to capital gains taxes and deferred income tax remeasurement related to the industrial motors and generators sale for the year ended December 31, 2024.

ADJUSTED FREE CASH FLOW

Unaudited

(Dollars in Millions)

	Three Months Ended		Year Ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Net Cash Provided by Operating Activities	\$ 213.2	\$ 201.3	\$ 609.4	\$ 715.3
Payments for Certain Acquisition Costs (Net of Tax of \$11.4 Million in 2023) ^(a)	—	—	—	86.9
Payments for Certain Costs to Sell Businesses (Net of Tax of \$1.7 Million in 2024) ^(b)	1.4	—	11.9	—
Adjusted Cash Flows from Operations	214.6	201.3	621.3	802.2
Additions to Property Plant and Equipment	(29.3)	(30.4)	(109.5)	(119.1)
Adjusted Free Cash Flow	\$ 185.3	\$ 170.9	\$ 511.8	\$ 683.1

(a) Reflects the payment of Regal Rexnord's and Altra's advisor success fees.

(b) Primarily reflects the payment of Regal Rexnord's advisor success fees and income taxes paid related to the sale of the industrial motors and generators businesses.

ORGANIC SALES GROWTH

Unaudited

(Dollars in Millions)

	Three Months Ended				
	Industrial Powertrain Solutions	Power and Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total Regal Rexnord
Net Sales Three Months Ended Dec 31, 2024	\$ 635.0	\$ 416.3	\$ 409.8	\$ —	\$ 1,461.1
Impact from Foreign Currency Exchange Rates	2.1	0.3	1.3	—	3.7
Organic Sales Three Months Ended Dec 31, 2024	<u>\$ 637.1</u>	<u>\$ 416.6</u>	<u>\$ 411.1</u>	<u>\$ —</u>	<u>\$ 1,464.8</u>
Net Sales Three Months Ended Dec 31, 2023	\$ 649.7	\$ 418.0	\$ 420.7	\$ 119.8	\$ 1,608.2
Net Sales from Businesses Divested	—	(2.1)	—	(119.8)	(121.9)
Adjusted Net Sales* Three Months Ended Dec 31, 2023	<u>\$ 649.7</u>	<u>\$ 415.9</u>	<u>\$ 420.7</u>	<u>\$ —</u>	<u>\$ 1,486.3</u>
Three Months Ended Dec 31, 2024 Net Sales Growth %	(2.3)%	0.1 %	(2.6)%	— %	(1.7)%
Three Months Ended Dec 31, 2024 Organic Sales Growth %	(1.9)%	0.2 %	(2.3)%	— %	(1.4)%

ORGANIC SALES GROWTH

Unaudited

(Dollars in Millions)

	Year Ended				
	Industrial Powertrain Solutions	Power and Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total Regal Rexnord
Net Sales Year Ended Dec 31, 2024	\$ 2,598.1	\$ 1,644.1	\$ 1,633.8	\$ 157.8	\$ 6,033.8
Net Sales from Businesses Acquired	(243.2)	—	(199.3)	—	(442.5)
Impact from Foreign Currency Exchange Rates	7.6	4.6	5.1	1.4	18.7
Organic Sales Year Ended Dec 31, 2024	<u>\$ 2,362.5</u>	<u>\$ 1,648.7</u>	<u>\$ 1,439.6</u>	<u>\$ 159.2</u>	<u>\$ 5,610.0</u>
Net Sales Year Ended Dec 31, 2023	\$ 2,403.5	\$ 1,808.9	\$ 1,516.8	\$ 521.5	\$ 6,250.7
Net Sales from Businesses Divested	—	(2.1)	—	(342.7)	(344.8)
Adjusted Net Sales Year Ended Dec 31, 2023	<u>\$ 2,403.5</u>	<u>\$ 1,806.8</u>	<u>\$ 1,516.8</u>	<u>\$ 178.8</u>	<u>\$ 5,905.9</u>
Year Ended Dec 31, 2024 Net Sales Growth %	8.1 %	(9.0)%	7.7 %	(11.7)%	2.2 %
Year Ended Dec 31, 2024 Organic Sales Growth %	(1.7)%	(8.8)%	(5.1)%	(11.0)%	(5.0)%

DEBT TO EBITDA

Unaudited

(Dollars in Millions)

	<u>Last Twelve Months</u>
	<u>Dec 31, 2024</u>
Net Income	\$ 198.4
Plus: Income Taxes	49.6
Plus: Interest Expense	399.7
Less: Interest Income	(18.8)
Plus: Depreciation	164.4
Plus: Amortization	346.5
EBITDA	\$ 1,139.8
Plus: Restructuring and Related Costs ^(a)	91.6
Plus: Share-Based Compensation Expense	34.8
Plus: Transaction and Integration Related Costs ^(b)	33.7
Plus: Loss on Sale of Businesses ^(c)	8.5
Plus: Impairments and Exit Related Costs	4.0
Plus: Operating Lease Asset Step Up	0.9
Less: Gain on Sale of Assets	(3.1)
Adjusted EBITDA ^(d)	\$ 1,310.2
Current Maturities of Long-Term Debt	\$ 5.0
Long-Term Debt	5,452.7
Total Gross Debt	\$ 5,457.7
Cash and Cash Equivalents	(393.5)
Net Debt	\$ 5,064.2
Gross Debt/Adjusted EBITDA	4.17
Net Debt/Adjusted EBITDA ^(d)	3.87
Interest Coverage Ratio ^(d)	3.44

- (a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.
- (c) Reflects the loss recorded related to the sale of the industrial motors and generators businesses over the last twelve months.
- (b) Primarily relates to (1) legal, professional service, and integration costs associated with the Altra Transaction and (2) legal, professional service, rebranding and IT carve-out costs associated with the sale of the industrial motors and generators businesses.
- (d) Synergies expected to be realized in the future are included in the calculation of EBITDA that serves as the basis for financial covenant compliance for certain of the Company's debt. The impact of the synergies the Company expects to realize within 18 months is as follows:

Adjusted EBITDA	\$ 1,310.2
Synergies to be Realized Within 18 months	85.0
Adjusted EBITDA (including synergies)	<u>\$ 1,395.2</u>
Net Debt/Adjusted EBITDA (including synergies)	3.63
Interest Expense	\$ 399.7
Interest Income	(18.8)
Net Interest Expense	<u>\$ 380.9</u>
Interest Coverage Ratio ⁽¹⁾	3.44
Interest Coverage Ratio (including synergies) ⁽²⁾	3.66

(1) Computed as Adjusted EBITDA/Net Interest Expense

(2) Computed as Adjusted EBITDA (including synergies)/Net Interest Expense

ADJUSTED GROSS MARGIN

Unaudited

(Dollars in Millions)

	Three Months Ended				
	December 31, 2024				
	Industrial Powertrain Solutions	Power and Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total Regal Rexnord
Net Sales	\$ 635.0	\$ 416.3	\$ 409.8	\$ —	\$ 1,461.1
Gross Margin	\$ 248.2	\$ 106.4	\$ 156.0	\$ —	\$ 510.6
Restructuring and Related Costs ^(a)	14.3	15.2	1.6	—	31.1
Adjusted Gross Margin	<u>\$ 262.5</u>	<u>\$ 121.6</u>	<u>\$ 157.6</u>	<u>\$ —</u>	<u>\$ 541.7</u>
Gross Margin %	39.1 %	25.6 %	38.1 %	— %	34.9 %
Adjusted Gross Margin %	41.3 %	29.2 %	38.5 %	— %	37.1 %

(a)

Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

ADJUSTED GROSS MARGIN

Unaudited

(Dollars in Millions)

	Three Months Ended				
	December 31, 2023				
	Industrial Powertrain Solutions	Power and Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total Regal Rexnord
Net Sales	\$ 649.7	\$ 418.0	\$ 420.7	\$ 119.8	\$ 1,608.2
Gross Margin	\$ 226.5	\$ 135.4	\$ 169.6	\$ 31.7	\$ 563.2
Restructuring and Related Costs ^(a)	6.5	2.5	1.1	—	10.1
Inventory and Operating Lease Asset Step Up	1.8	—	(0.2)	—	1.6
Adjusted Gross Margin	<u>\$ 234.8</u>	<u>\$ 137.9</u>	<u>\$ 170.5</u>	<u>\$ 31.7</u>	<u>\$ 574.9</u>
Gross Margin %	34.9 %	32.4 %	40.3 %	26.5 %	35.0 %
Adjusted Gross Margin % ^(b)	36.1 %	33.0 %	40.5 %	26.5 %	35.7 %

(a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

(b) The following table reflects Adjusted Gross Margin of the Company for the three months ended December 31, 2023 Excluding Industrial:

	December 31, 2023
Total Regal Rexnord Adjusted Gross Margin	574.9
Less: Industrial Systems Adjusted Gross Margin	31.7
Adjusted Gross Margin excluding Industrial Systems	<u>543.2</u>
Total Regal Rexnord Net Sales	1,608.2
Less: Industrial Systems Net Sales	119.8
Net Sales excluding Industrial Systems	<u>1,488.4</u>
Adjusted Gross Margin % excluding Industrial Systems	36.5 %

ADJUSTED GROSS MARGIN

Unaudited

(Dollars in Millions)

	Year Ended				
	December 31, 2024				
	Industrial Powertrain Solutions	Power and Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total Regal Rexnord
Net Sales	\$ 2,598.1	\$ 1,644.1	\$ 1,633.8	\$ 157.8	\$ 6,033.8
Gross Margin	\$ 1,051.5	\$ 458.7	\$ 641.6	\$ 39.2	\$ 2,191.0
Restructuring and Related Costs ^(a)	26.1	32.1	7.3	1.1	66.6
Operating Lease Asset Step Up	0.9	—	—	—	0.9
Adjusted Gross Margin	<u>\$ 1,078.5</u>	<u>\$ 490.8</u>	<u>\$ 648.9</u>	<u>\$ 40.3</u>	<u>\$ 2,258.5</u>
Gross Margin %	40.5 %	27.9 %	39.3 %	24.8 %	36.3 %
Adjusted Gross Margin % ^(b)	41.5 %	29.9 %	39.7 %	25.5 %	37.4 %

(a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

(b) The following table reflects Adjusted Gross Margin of the Company for the year ended December 31, 2024 Excluding Industrial:

	December 31, 2024
Total Regal Rexnord Adjusted Gross Margin	2,258.5
Less: Industrial Systems Adjusted Gross Margin	40.3
Adjusted Gross Margin excluding Industrial Systems	<u>2,218.2</u>
Total Regal Rexnord Net Sales	6,033.8
Less: Industrial Systems Net Sales	157.8
Net Sales excluding Industrial Systems	<u>5,876.0</u>
Adjusted Gross Margin % excluding Industrial Systems	37.8 %

ADJUSTED GROSS MARGIN

Unaudited

(Dollars in Millions)

	Year Ended				
	December 31, 2023				
	Industrial Powertrain Solutions	Power and Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total Regal Rexnord
Net Sales	\$ 2,403.5	\$ 1,808.9	\$ 1,516.8	\$ 521.5	\$ 6,250.7
Gross Margin	\$ 844.1	\$ 524.9	\$ 582.4	\$ 115.9	\$ 2,067.3
Restructuring and Related Costs ^(a)	11.2	21.8	3.7	—	36.7
Operating Lease Asset Step Up	40.5	—	14.0	—	54.5
Adjusted Gross Margin	<u>\$ 895.8</u>	<u>\$ 546.7</u>	<u>\$ 600.1</u>	<u>\$ 115.9</u>	<u>\$ 2,158.5</u>
Gross Margin %	35.1 %	29.0 %	38.4 %	22.2 %	33.1 %
Adjusted Gross Margin % ^(b)	37.3 %	30.2 %	39.6 %	22.2 %	34.5 %

(a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

(b) The following table reflects Adjusted Gross Margin of the Company for the year ended December 31, 2023 Excluding Industrial:

	December 31, 2023
Total Regal Rexnord Adjusted Gross Margin	2,158.5
Less: Industrial Systems Adjusted Gross Margin	115.9
Adjusted Gross Margin excluding Industrial Systems	<u>2,042.6</u>
Total Regal Rexnord Net Sales	6,250.7
Less: Industrial Systems Net Sales	521.5
Net Sales excluding Industrial Systems	<u>5,729.2</u>
Adjusted Gross Margin % excluding Industrial Systems	35.7 %