Fourth Quarter 2018
Earnings Conference Call

February 5, 2019

Mark Gliebe
Chairman and
Chief Executive Officer

Jon Schlemmer
Chief Operating Officer

Rob Rehard
Vice President
Chief Financial Officer

Robert Cherry
Vice President
Business Development & Investor Relations

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Non-GAAP Reconciliations

ADJUSTED DILUTED EARNINGS PER SHARE

	Three Months Ended		Twelve Months Ended	
	Dec 29, 2018	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017
GAAP Diluted Earnings Per Share	**$ 1.28**	$ 1.15	**$ 5.26**	$ 4.74
Restructuring and Related Costs	**0.04**	0.02	**0.13**	0.22
Purchase Accounting and Transaction Costs	**—**	—	**0.09**	—
Gain on Sale of Assets	**(0.04)**	(0.01)	**(0.05)**	(0.07)
Net (Income) Loss from Businesses Divested/to be Exited	**(0.01)**	0.01	**(0.03)**	0.01
CEO Transition Costs	**0.07**	—	**0.07**	—
Impairment and Exit Related Costs	**—**	—	**0.61**	—
Impact of the New US Tax Legislation	**0.07**	(0.02)	**(0.08)**	(0.02)
Adjusted Diluted Earnings Per Share	**$ 1.41**	$ 1.15	**$ 6.00**	$ 4.88

2019 ADJUSTED ANNUAL GUIDANCE

	Minimum	Maximum
2019 Diluted EPS Annual Guidance	$ 6.59	$ 6.99
Restructuring and Related Costs	0.18	0.18
Gain on Sale of Assets	(0.70)	(0.70)
CEO Transition Costs	0.08	0.08
2019 Adjusted Diluted EPS Annual Guidance	$ 6.15	$ 6.55

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Non-GAAP Reconciliations

ADJUSTED INCOME FROM OPERATIONS
(Dollars in Millions)

	Three Months Ended							
	Commercial & Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
	Dec 29, 2018	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017
GAAP Income from Operations	**$ 32.1**	$ 24.0	**$ 33.3**	$ 30.6	**$ 24.4**	$ 24.0	**$ 89.8**	$ 78.6
Restructuring and Related Costs	**1.7**	1.1	**0.4**	0.5	**0.1**	-	**2.2**	1.6
Purchase Accounting and Transaction Costs	**0.1**	-	**-**	-	**-**	-	**0.1**	-
Gain on Sale of Assets	**(1.5)**	(0.4)	**(0.7)**	-	**-**	-	**(2.2)**	(0.4)
Operating (Income) Loss from Businesses Divested/to be Exited	**(0.1)**	-	**(0.7)**	0.4	**-**	-	**(0.8)**	0.4
CEO Transition Costs	**1.8**	-	**1.1**	-	**0.9**	-	**3.8**	-
Adjusted Income from Operations	**$ 34.1**	$ 24.7	**$ 33.4**	$ 31.5	**$ 25.4**	$ 24.0	**$ 92.9**	$ 80.2
GAAP Operating Margin %	**7.4 %**	5.9 %	**14.3 %**	14.1 %	**11.5 %**	12.2 %	**10.2 %**	9.6 %
Adjusted Operating Margin %	**7.8 %**	6.1 %	**15.0 %**	15.3 %	**11.9 %**	12.2 %	**10.7 %**	9.9 %

ADJUSTED INCOME FROM OPERATIONS
(Dollars in Millions)

	Twelve Months Ended							
	Commercial & Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
	Dec 29, 2018	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017
GAAP Income from Operations	**$ 127.0**	$ 99.8	**$ 115.6**	$ 141.5	**$ 104.4**	$ 89.8	**$ 347.0**	$ 331.1
Restructuring and Related Costs	**5.6**	10.9	**1.8**	2.5	**0.3**	0.7	**7.7**	14.1
Purchase Accounting and Transaction Costs	**5.4**	-	**-**	-	**-**	-	**5.4**	-
Gain on Disposal of Business	**-**	-	**-**	-	**-**	(0.1)	**-**	(0.1)
Gain on Sale of Assets	**(1.9)**	(1.1)	**(0.7)**	-	**-**	(2.8)	**(2.6)**	(3.9)
Operating (Income) Loss from Businesses Divested/to be Exited	**-**	0.2	**(1.9)**	0.1	**-**	-	**(1.9)**	0.3
CEO Transition Costs	**1.8**	-	**1.1**	-	**0.9**	-	**3.8**	-
Impairment and Exit Related Costs	**-**	-	**34.9**	-	**-**	-	**34.9**	-
Adjusted Income from Operations	**$ 137.9**	$ 109.8	**$ 150.8**	$ 144.1	**$ 105.6**	$ 87.6	**$ 394.3**	$ 341.5
GAAP Operating Margin %	**7.1 %**	6.2 %	**11.3 %**	14.3 %	**12.4 %**	11.7 %	**9.5 %**	9.9 %
Adjusted Operating Margin %	**7.7 %**	6.9 %	**15.5 %**	15.5 %	**12.6 %**	11.4 %	**11.0 %**	10.4 %

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Non-GAAP Reconciliations

ADJUSTED NET SALES
(Dollars in Millions)

	Three Months Ended							
	Commercial & Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
	Dec 29, 2018	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017
Net Sales	**$ 436.7**	$ 407.7	**$ 232.2**	$ 216.4	**$ 212.8**	$ 196.6	**$ 881.7**	$ 820.7
Nets Sales for Businesses Divested/to be Exited	**(0.1)**	(0.4)	**(9.7)**	(10.7)	**-**	-	**(9.8)**	(11.1)
Adjusted Net Sales	**$ 436.6**	$ 407.3	**$ 222.5**	$ 205.7	**$ 212.8**	$ 196.6	**$ 871.9**	$ 809.6

ADJUSTED NET SALES
(Dollars in Millions)

	Twelve Months Ended							
	Commercial & Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
	Dec 29, 2018	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017
Net Sales	**$ 1,782.0**	$ 1,604.3	**$ 1,024.8**	$ 990.6	**$ 838.8**	$ 765.4	**$ 3,645.6**	$ 3,360.3
Nets Sales for Businesses Divested/to be Exited	**(1.4)**	(1.9)	**(52.6)**	(60.4)	**-**	-	**(54.0)**	(62.3)
Adjusted Net Sales	**$ 1,780.6**	$ 1,602.4	**$ 972.2**	$ 930.2	**$ 838.8**	$ 765.4	**$ 3,591.6**	$ 3,298.0

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Non-GAAP Reconciliations

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.

	Commercial & Industrial Systems	Climate Solutions	Power Transmission Solutions	Total Regal
Fiscal 2018 First Quarter Schedule for Ongoing Business				
Net Sales Three Months Ended March 31, 2018	$ 414.0	$ 259.9	$ 204.9	$ 878.8
Net Sales from Businesses Divested/to be Exited	(33.5)	(18.0)	-	(51.5)
Adjusted Net Sales from Ongoing Business	$ 380.5	$ 241.9	$ 204.9	$ 827.3
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	(3.3)	(1.6)	-	(4.9)
Adjusted Income from Operations of Ongoing Business	$ 27.1	$ 31.1	$ 26.8	$ 85.0
Ongoing Business Adjusted Operating Margin %	7.1%	12.9%	13.1%	10.3%
Fiscal 2018 Second Quarter Schedule for Ongoing Business				
Net Sales Three Months Ended June 30, 2018	$ 469.0	$ 277.3	$ 213.4	$ 959.7
Net Sales from Businesses Divested/to be Exited	(33.6)	(19.2)	-	(52.8)
Adjusted Net Sales from Ongoing Business	$ 435.4	$ 258.1	$ 213.4	$ 906.9
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	(3.0)	(2.1)	-	(5.1)
Adjusted Income from Operations of Ongoing Business	$ 33.3	$ 42.6	$ 25.2	$ 101.1
Ongoing Business Adjusted Operating Margin %	7.6%	16.5%	11.8%	11.1%

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Non-GAAP Reconciliations

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.

	Commercial & Industrial Systems	Climate Solutions	Power Transmission Solutions	Total Regal
Fiscal 2018 Third Quarter Schedule for Ongoing Business				
Net Sales Three Months Ended September 29, 2018	$ 462.3	$ 255.4	$ 207.7	$ 925.4
Net Sales from Businesses Divested/to be Exited	(34.7)	(13.3)	-	(48.0)
Adjusted Net Sales from Ongoing Business	$ 427.6	$ 242.1	$ 207.7	$ 877.4
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	(3.0)	(1.5)	-	(4.5)
Adjusted Income from Operations of Ongoing Business	$ 34.4	$ 39.7	$ 28.2	$ 102.3
Ongoing Business Adjusted Operating Margin %	8.0%	16.4%	13.6%	11.7%
Fiscal 2018 Fourth Quarter Schedule for Ongoing Business				
Net Sales Three Months Ended December 29, 2018	$ 436.7	$ 232.2	$ 212.8	$ 881.7
Net Sales from Businesses Divested/to be Exited	(35.6)	(11.2)	-	(46.8)
Adjusted Net Sales from Ongoing Business	$ 401.1	$ 221.0	$ 212.8	$ 834.9
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	(3.0)	(1.6)	-	(4.6)
Adjusted Income from Operations of Ongoing Business	$ 31.2	$ 32.5	$ 25.4	$ 89.1
Ongoing Business Adjusted Operating Margin %	7.8%	14.7%	11.9%	10.7%

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Non-GAAP Reconciliations

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.

	Commercial & Industrial Systems	Climate Solutions	Power Transmission Solutions	Total Regal
Fiscal 2018 Full Year Schedule for Ongoing Business				
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	(137.4)	(61.7)	-	(199.1)
Adjusted Net Sales from Ongoing Business	$ 1,644.6	$ 963.1	$ 838.8	$ 3,446.5
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	(12.3)	(6.8)	-	(19.1)
Adjusted Income from Operations of Ongoing Business	$ 126.0	$ 145.9	$ 105.6	$ 377.5
Ongoing Business Adjusted Operating Margin %	7.7%	15.1%	12.6%	11.0%

2018 ADJUSTED DILUTED EARNINGS PER SHARE FOR ONGOING BUSINESS	Twelve Months Ended December 29, 2018
Adjusted Diluted Earnings Per Share	$ 6.00
Earnings Per Share from Businesses Divested/to be Exited	(0.25)
Adjusted Diluted Earnings Per Share for Ongoing Business	$ 5.75

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Non-GAAP Reconciliations

ADJUSTED EFFECTIVE TAX RATE	**Three Months Ended**		**Twelve Months Ended**	
	Dec 29, 2018	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017
Income before Taxes	**$ 75.3**	$ 65.3	**$ 292.2**	$ 277.2
Provision for Income Taxes	**18.8**	12.7	**56.4**	59.1
Effective Tax Rate	**25.0%**	19.4%	**19.3%**	21.3%
Income before Taxes	**$ 75.3**	$ 65.3	**$ 292.2**	$ 277.2
Impairment and Exit Related Costs	**-**	-	**34.9**	-
Adjusted Income before Taxes	**$ 75.3**	$ 65.3	**$ 327.1**	$ 277.2
Provision for Income Taxes	**$ 18.8**	$ 12.7	**$ 56.4**	$ 59.1
Tax Effect from Impairment and Exit Related Costs	**-**	-	**8.2**	-
Impact of the New US Tax Legislation	**(3.0)**	1.0	**3.6**	1.0
Adjusted Provision for Income Taxes	**$ 15.8**	$ 13.7	**$ 68.2**	$ 60.1
Adjusted Effective Tax Rate	**21.0%**	21.0%	**20.8%**	21.7%

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Non-GAAP Reconciliations

FREE CASH FLOW (Dollars in Millions)	Three Months Ended		Twelve Months Ended	
	Dec 29, 2018	Dec 30, 2017	**Dec 29, 2018**	Dec 30, 2017
Net Cash Provided by Operating Activities	**$ 112.4**	$ 56.9	**$ 362.7**	$ 291.9
Additions to Property Plant and Equipment	**(18.4)**	(16.2)	**(77.6)**	(65.2)
Free Cash Flow	**$ 94.0**	$ 40.7	**$ 285.1**	$ 226.7
GAAP Net Income Attributable to Regal Beloit Corporation	**$ 55.6**	$ 51.5	**$ 231.2**	$ 213.0
Goodwill Impairment	**-**	-	**9.5**	-
Asset Impairments	**-**	-	**8.7**	-
Tax Effect from Impairments	**-**	-	**(4.0)**	-
Adjusted Net Income Attributable to Regal Beloit Corporation[1]	**$ 55.6**	$ 51.5	**$ 245.4**	$ 213.0
Free Cash Flow as a Percentage of Adjusted Net Income Attributable to Regal Beloit Corporation	**169.1 %**	79.0 %	**116.2 %**	106.4 %

[1] The Net Income Attributable to Regal Beloit Corporation is adjusted for goodwill and asset impairments related to the business to be exited and is used in the Free Cash Flow Calculation.

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Non-GAAP Reconciliations

ORGANIC SALES GROWTH (Dollars in Millions)	Three Months Ended			
	Commercial & Industrial Systems	Climate Solutions	Power Transmission Solutions	Total Regal
Net Sales Three Months Ended Dec 29, 2018	$ 436.7	$ 232.2	$ 212.8	$ 881.7
Net Sales from Business Acquired	(31.4)	-	-	(31.4)
Net Sales from Business Divested/to be Exited	(0.1)	(9.7)	-	(9.8)
Impact from Foreign Currency Exchange Rates	7.2	2.5	1.4	11.1
Organic Sales Three Months Ended Dec 29, 2018	$ 412.4	$ 225.0	$ 214.2	$ 851.6
Net Sales Three Months Ended Dec 30, 2017	$ 407.7	$ 216.4	$ 196.6	$ 820.7
Net Sales from Business Divested/to be Exited	(0.4)	(10.7)	-	(11.1)
Adjusted Net Sales Three Months Ended Dec 30, 2017	$ 407.3	$ 205.7	$ 196.6	$ 809.6
Organic Sales Growth %	1.3 %	9.4 %	9.0 %	5.2 %
Net Sales Growth %	7.1 %	7.3 %	8.2 %	7.4 %

ORGANIC SALES GROWTH (Dollars in Millions)	Twelve Months Ended			
	Commercial & Industrial Systems	Climate Solutions	Power Transmission Solutions	Total Regal
Net Sales Twelve Months Ended Dec 29, 2018	$ 1,782.0	$ 1,024.8	$ 838.8	$ 3,645.6
Net Sales from Business Acquired	(96.2)	-	-	(96.2)
Net Sales from Business Divested/to be Exited	(1.4)	(52.6)	-	(54.0)
Impact from Foreign Currency Exchange Rates	(7.4)	1.2	(4.1)	(10.3)
Organic Sales Twelve Months Ended Dec 29, 2018	$ 1,677.0	$ 973.4	$ 834.7	$ 3,485.1
Net Sales Twelve Months Ended Dec 30, 2017	$ 1,604.3	$ 990.6	$ 765.4	$ 3,360.3
Net Sales from Business Divested/to be Exited	(1.9)	(60.4)	-	(62.3)
Adjusted Net Sales Twelve Months Ended Dec 30, 2017	$ 1,602.4	$ 930.2	$ 765.4	$ 3,298.0
Organic Sales Growth %	4.7 %	4.6 %	9.1 %	5.7 %
Net Sales Growth %	11.1 %	3.5 %	9.6 %	8.5 %

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Non-GAAP Reconciliations

TOTAL NET DEBT/ADJUSTED EBITDA

(Dollars in Millions)

	LTM Dec 29, 2018
Net Income Attributable to Regal Beloit Corporation	$ 231.2
Plus: Minority Interest	4.6
Plus: Taxes	56.4
Plus: Interest Expense	55.2
Less: Interest Income	(1.9)
Plus: Depreciation and Amortization	142.4
Plus: Restructuring and Related Costs	7.7
Plus: Purchase Accounting & Transaction Costs	5.4
Plus: Impairment and Exit Related Costs	34.9
Plus: CEO Transition Costs	3.8
Less: Business Divested\to be Exited	(1.9)
Less: Gain on Sale of Assets	(2.6)
Adjusted EBITDA	**$ 535.2**
Current Maturities of Debt	$ 0.5
Long-Term Debt	1,306.6
Less: Cash	(248.6)
Total Net Debt	**$ 1,058.5**
Total Net Debt/Adjusted EBITDA	**2.0**

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Non-GAAP Reconciliations

RETURN ON INVESTED CAPITAL (ROIC)

(Dollars in Millions)

	Dec 29, 2018	Dec 30, 2017	Dec 31, 2016	Jan 2, 2016
Cash and Cash Equivalents	$ (248.6)	$ (139.6)	$ (284.5)	$ (252.9)
Current Maturities of Debt	0.5	101.2	100.6	6.3
Long-Term Debt	1,306.6	1,039.9	1,310.9	1,715.6
Total Net Debt	$ 1,058.5	$ 1,001.5	$ 1,127.0	$ 1,469.0
Total Regal Beloit Corporation Shareholders' Equity	$ 2,310.5	$ 2,325.5	$ 2,038.8	$ 1,937.3
Noncontrolling Interests	28.0	29.2	39.4	45.5
Total Equity	$ 2,338.5	$ 2,354.7	$ 2,078.2	$ 1,982.8
Total Invested Capital	$ 3,397.0	$ 3,356.2	$ 3,205.2	$ 3,451.8
Average Total Invested Capital	$ 3,376.6	$ 3,280.7	$ 3,328.5	
Adjusted Income from Operations (LTM)*	$ 394.3	$ 340.2	$ 314.1	
Less: Income Tax Provision**	20.8 %	21.7 %	21.4 %	
Adjusted Income from Operations after Tax	$ 312.3	$ 266.4	$ 246.9	
Return on Invested Capital	9.2 %	8.1 %	7.4 %	

*Adjusted Income from Operations from fiscal 2017 and 2016 have not been recasted for ASU 2017-07 or Operating Income from 2018 Businesses Divested or to be Exited

**2017 Tax Rate adjusted for impact of the Tax Cuts and Jobs Act of 2017.

©2019 Regal Beloit Corporation, Proprietary and Confidential

Appendix Regal Shipping Days

	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

©2019 Regal Beloit Corporation, Proprietary and Confidential