

First Quarter 2019 Earnings Conference Call

May 7, 2019

Louis Pinkham
Chief Executive Officer

Jon Schlemmer
Chief Operating Officer

Rob Rehard
Vice President
Chief Financial Officer

Robert Cherry
Vice President
Business Development & Investor Relations

Safe Harbor Statement

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.

Non-GAAP Financial Measures

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, adjusted diluted earnings per share for ongoing business and ROIC. 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, adjusted operating margin and ROIC 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 sales from acquired businesses recorded prior to the first anniversary of the acquisition (“net sales from business acquired”) and excluding 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	Louis Pinkham, CEO
1Q Results & 2019 Outlook	Rob Rehard, CFO
Operations Update	Jon Schlemmer, COO
Summary	Louis Pinkham, CEO
Q&A	All

Opening Comments

▪ **1Q 2019 Results**

- Organic Growth of (1.0%)
- Adjusted Operating Margin* of 11.0%, Up 60 bps
- Adjusted Diluted EPS* Up 13%
- Net Debt to Adj. EBITDA* of 1.8

▪ **Expecting FY 2019 Operating Margin Improvement**

- Productivity
- New Products
- Pruning

▪ **Reaffirming FY 2019 Adjusted Diluted EPS* Guidance of \$6.15 - \$6.55**

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

On Pace to Reach 2017 Investor Day Targets

1st Quarter 2019 Financial Results

- **1Q 2019 Net Sales of \$853.8 Million, Down 2.8%**
 - Acquisitions Contributed 3.9%
 - Business Divested/to be Exited (4.0%)
 - Foreign Currency Impact of (1.7%)
 - Organic Sales Down 1.0%
- **Adjusted Operating Margin* of 11.0%**
 - Up 60 bps from 1Q 2018
 - Volume Growth and Productivity Benefits
- **Divested Business**
 - Non-core Marine Transmission Business in the PTS Segment
 - Annual Revenues of ~\$20 Million

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

Continued Operating Margin Improvement



1st Quarter 2019 Financial Results

ADJUSTED DILUTED EARNINGS PER SHARE^{*}

	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
GAAP Diluted Earnings Per Share	\$ 1.99	\$ 1.31
Restructuring and Related Costs	0.04	0.03
(Gain) Loss on Business Divested and Assets to be Exited	(0.59)	—
Net Income from Businesses Divested/to be Exited	(0.04)	(0.08)
CEO Transition Costs	0.03	—
Adjusted Diluted Earnings Per Share	<u>\$ 1.43</u>	<u>\$ 1.26</u>

Key Adjustments (pre-tax)

- \$2.3 Million Restructuring and Related Costs
- (\$31.2) Million Gain on Business Divested and Assets to be Exited
- (\$2.2) Million Net Income from Businesses Divested/to be Exited
- \$1.6 Million CEO Transition Costs

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

Adjusted Diluted EPS Up 13%

1st Quarter 2019 Key Financial Metrics

Capital Expenditures

- \$20.2 Million in 1Q 2019
- \$90.0 Million expected in FY 2019

Restructuring and Related Costs

- \$2.3 Million in 1Q 2019
- \$10.0 Million expected in FY 2019

Effective Tax Rate (ETR)

- 20.7% Adj. ETR* in 1Q 2019
- 21.0% Adj. ETR expected in FY 2019

Balance Sheet at March 30, 2019

- Total Debt of \$1,215 Million
- Net Debt of \$951 Million
- Net Debt/Adj. EBITDA* of 1.8

Free Cash Flow*

- (\$1.9) Million in 1Q 2019
- Expect FY 2019 > 100% of Adj. Net Income

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

2019 Full Year Guidance

- **Expected Performance**

- Low Single Digit Organic Sales Growth
- Improvement in Adjusted Operating Margin
- Free Cash Flow to Exceed Adjusted Net Income

- **FY 2019 GAAP Diluted EPS Guidance of \$6.68 to \$7.08**

- **FY 2019 Adjusted Diluted EPS* Guidance of \$6.15 to \$6.55**

- Expecting Restructuring and Related Costs of \$10.0 Million or \$0.18 per Share
- Expecting Gain on the Sale of Assets of \$38.7 Million or \$0.74 per Share
- Expecting Income from Businesses Divested/to be Exited of \$2.8 Million or \$0.05 per Share
- Expecting CEO Transition Costs of \$4.5 Million or \$0.08 per Share

- **Key Assumptions:**

- Depreciation & Amortization Expense of ~\$139 Million
- Net Interest Expense of ~\$51 Million
- Excludes Impact of Any Potential Share Repurchases

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

Expecting Another Year of Strong Adjusted Earnings Growth

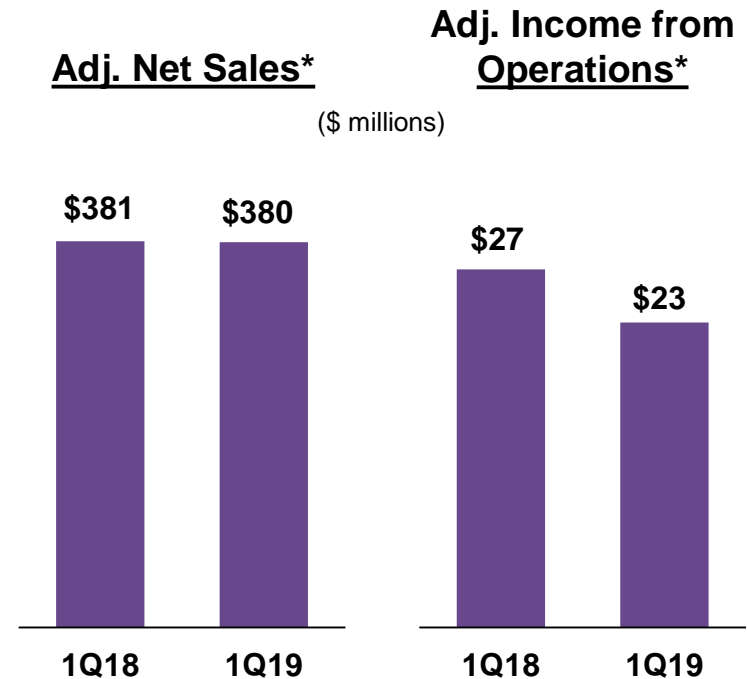
1Q 2019 Commercial & Industrial Systems

Sales

- Organic Sales Down 6.3%
- Market Performance
 - Power Generation Project Timing
 - Asia and Europe
 - NA Pool Pump
 - + NA Distribution
 - + NA Commercial HVAC & General Industrial

Adj. Operating Margin*

- 6.0% of Adj. Net Sales
- Down 110 bps from Prior Year
 - Power Generation Project Timing and Unit Volume
 - + Productivity and Simplification



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

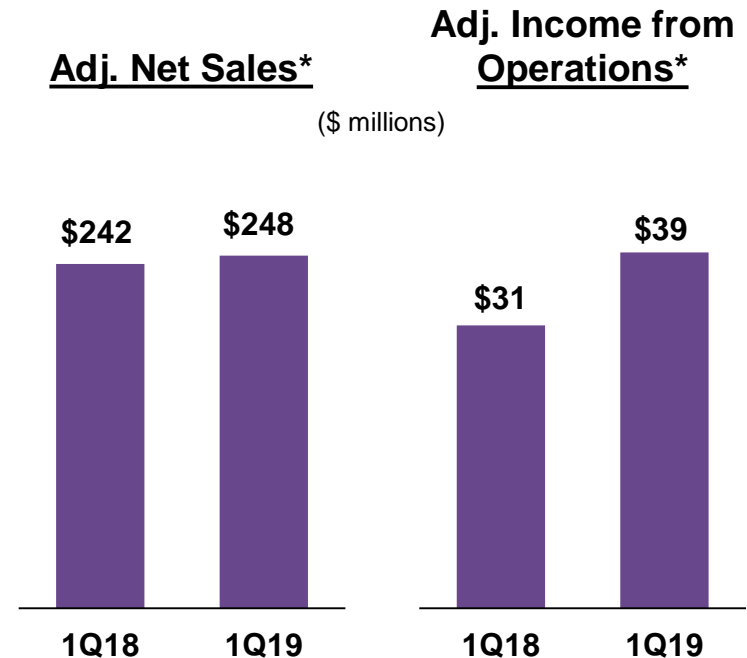
Expecting Margin Improvement in Second Half of 2019

Sales

- Organic Sales Up 3.6%
- Market Performance
 - + NA Resi HVAC (HSD)
 - Fan Energy Rating (FER) Pre-build
 - + Commercial Refrigeration
 - China, Middle East and Europe

Adj. Operating Margin*

- 15.7% of Adj. Net Sales
- Up 280 bps from Prior Year
 - + Volume, Productivity & Mix
 - + Price Offsetting Commodity Inflation and Tariff Expense



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

Strong North American Residential HVAC Demand and FER Tailwind

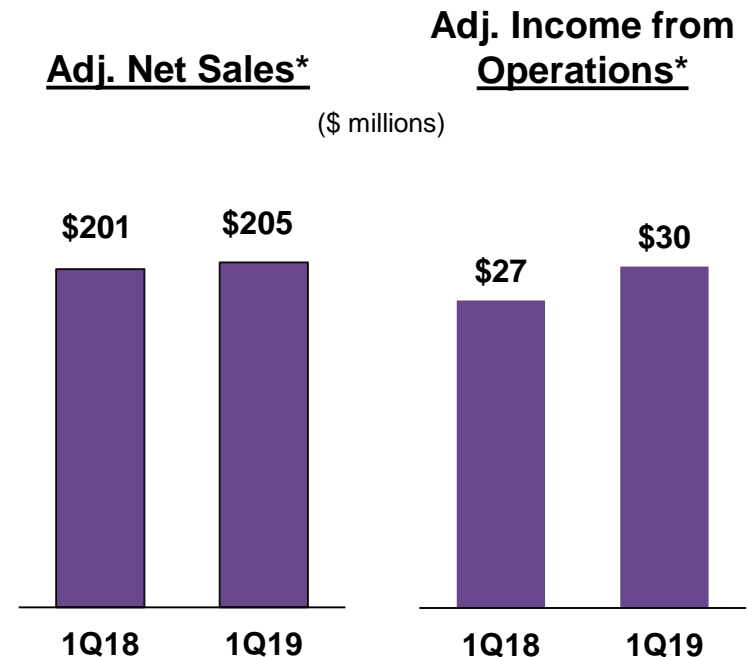
1Q 2019 Power Transmission Solutions

Sales

- Organic Sales Up 3.4%
- Market Performance
 - + Distribution
 - + Oil & Gas
 - Agriculture
 - Beverage

Adj. Operating Margin*

- 14.4% of Adj. Net Sales
- Up 80 bps from Prior Year
 - + Volume, Mix & Productivity
 - + Price Offsetting Commodity Inflation and Tariff Expense



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

Expecting Sales Strength to Continue in 2019

Tariff Mitigation Actions

Mexico Industrial Motor Facility



Full Range of FER Solutions

DEC Star® Highest Efficiency Solution

ECM 3.0+ High Efficiency Motor

Ensite™ ECM Motor



Efficiency and Features



Strategic Investments in Inventory to Support Our Growth

1st Quarter 2019 Summary

- + Climate and PTS Organic Sales Growth and Operating Margin**
- + Total Company Adjusted Operating Margin* Up 60 bps**
- + Adjusted Diluted EPS* Up 13%**
- + Net Debt to Adj. EBITDA* Reduced to 1.8**
- C&I Organic Sales Growth and Operating Margin**
- Free Cash Flow**

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

2019 Adj. EPS Guidance Reaffirmed, Up 11% from Prior Year

Questions and Answers

Appendix Non-GAAP Reconciliations

ADJUSTED DILUTED EARNINGS PER SHARE

	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
GAAP Diluted Earnings Per Share	\$ 1.99	\$ 1.31
Restructuring and Related Costs	0.04	0.03
(Gain) Loss on Business Divested and Assets to be Exited	(0.59)	—
Net Income from Businesses Divested/to be Exited	(0.04)	(0.08)
CEO Transition Costs	0.03	—
Adjusted Diluted Earnings Per Share	<u>\$ 1.43</u>	<u>\$ 1.26</u>

2019 ADJUSTED ANNUAL GUIDANCE

	Minimum	Maximum
2019 Diluted EPS Annual Guidance	\$ 6.68	\$ 7.08
Restructuring and Related Costs	0.18	0.18
(Gain) Loss on Businesses Divested and Assets to be Exited	(0.74)	(0.74)
Net Income from Businesses to be Divested\Exited	(0.05)	(0.05)
CEO Transition Costs	0.08	0.08
2019 Adjusted Diluted EPS Annual Guidance	<u>\$ 6.15</u>	<u>\$ 6.55</u>

Appendix Non-GAAP Reconciliations

ADJUSTED INCOME FROM OPERATIONS (Dollars in Millions)	Three Months Ended							
	Commercial & Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
	Mar 30, 2019	Mar 31, 2018	Mar 30, 2019	Mar 31, 2018	Mar 30, 2019	Mar 31, 2018	Mar 30, 2019	Mar 31, 2018
GAAP Income from Operations	\$ 53.5	\$ 29.1	\$ 38.9	\$ 32.3	\$ 28.2	\$ 26.8	\$ 120.6	\$ 88.2
Restructuring and Related Costs	2.1	1.3	0.1	0.4	0.1	-	2.3	1.7
Purchase Accounting and Transaction Costs	0.1	-	-	-	-	-	0.1	-
(Gain) Loss on Business Divested and Assets to be Exited	(33.6)	-	1.3	-	1.1	-	(31.2)	-
Operating (Income) Loss from Businesses Divested/to be Exited	-	(3.3)	(1.9)	(1.6)	(0.3)	0.4	(2.2)	(4.5)
CEO Transition Costs	0.7	-	0.5	-	0.4	-	1.6	-
Adjusted Income from Operations	\$ 22.8	\$ 27.1	\$ 38.9	\$ 31.1	\$ 29.5	\$ 27.2	\$ 91.2	\$ 85.4
GAAP Operating Margin %	14.1 %	7.0 %	14.8 %	12.4 %	13.4 %	13.1 %	14.1 %	10.0 %
Adjusted Operating Margin %	6.0%	7.1 %	15.7 %	12.9 %	14.4 %	13.6 %	11.0%	10.4 %

Appendix Non-GAAP Reconciliations

ADJUSTED NET SALES (Dollars in Millions)	Three Months Ended							
	Commercial & Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
	Mar 30, 2019	Mar 31, 2018	Mar 30, 2019	Mar 31, 2018	Mar 30, 2019	Mar 31, 2018	Mar 30, 2019	Mar 31, 2018
Net Sales	\$ 380.3	\$ 414.0	\$ 263.3	\$ 259.9	\$ 210.2	\$ 204.9	\$ 853.8	\$ 878.8
Nets Sales for Businesses Divested/to be Exited	-	(33.5)	(15.5)	(18.0)	(5.6)	(4.3)	(21.1)	(55.8)
Adjusted Net Sales	\$ 380.3	\$ 380.5	\$ 247.8	\$ 241.9	\$ 204.6	\$ 200.6	\$ 832.7	\$ 823.0

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)	(4.3)	(55.8)
Adjusted Net Sales from Ongoing Business	<u>\$ 380.5</u>	<u>\$ 241.9</u>	<u>\$ 200.6</u>	<u>\$ 823.0</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	(3.3)	(1.6)	0.4	(4.5)
Adjusted Income from Operations of Ongoing Business	<u>\$ 27.1</u>	<u>\$ 31.1</u>	<u>\$ 27.2</u>	<u>\$ 85.4</u>
Ongoing Business Adjusted Operating Margin %	7.1%	12.9%	13.6%	10.4%
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)	(5.6)	(58.4)
Adjusted Net Sales from Ongoing Business	<u>\$ 435.4</u>	<u>\$ 258.1</u>	<u>\$ 207.8</u>	<u>\$ 901.3</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	(3.0)	(2.1)	(0.3)	(5.4)
Adjusted Income from Operations of Ongoing Business	<u>\$ 33.3</u>	<u>\$ 42.6</u>	<u>\$ 24.9</u>	<u>\$ 100.8</u>
Ongoing Business Adjusted Operating Margin %	7.6%	16.5%	12.0%	11.2%

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)	(4.8)	(52.8)
Adjusted Net Sales from Ongoing Business	<u>\$ 427.6</u>	<u>\$ 242.1</u>	<u>\$ 202.9</u>	<u>\$ 872.6</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	(3.0)	(1.5)	(0.3)	(4.8)
Adjusted Income from Operations of Ongoing Business	<u>\$ 34.4</u>	<u>\$ 39.7</u>	<u>\$ 27.9</u>	<u>\$ 102.0</u>
Ongoing Business Adjusted Operating Margin %	8.0%	16.4%	13.8%	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)	(5.2)	(52.0)
Adjusted Net Sales from Ongoing Business	<u>\$ 401.1</u>	<u>\$ 221.0</u>	<u>\$ 207.6</u>	<u>\$ 829.7</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	(3.0)	(1.6)	(0.3)	(4.9)
Adjusted Income from Operations of Ongoing Business	<u>\$ 31.2</u>	<u>\$ 32.5</u>	<u>\$ 25.1</u>	<u>\$ 88.8</u>
Ongoing Business Adjusted Operating Margin %	7.8%	14.7%	12.1%	10.7%

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.

	<u>Commercial & Industrial Systems</u>	<u>Climate Solutions</u>	<u>Power Transmission Solutions</u>	<u>Total Regal</u>
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)	(19.9)	(219.0)
Adjusted Net Sales from Ongoing Business	<u>\$ 1,644.6</u>	<u>\$ 963.1</u>	<u>\$ 818.9</u>	<u>\$ 3,426.6</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	(12.3)	(6.8)	(0.5)	(19.6)
Adjusted Income from Operations of Ongoing Business	<u>\$ 126.0</u>	<u>\$ 145.9</u>	<u>\$ 105.1</u>	<u>\$ 377.0</u>
Ongoing Business Adjusted Operating Margin %	7.7%	15.1%	12.8%	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	(0.28)
Adjusted Diluted Earnings Per Share for Ongoing Business	<u>\$ 5.72</u>

Appendix Non-GAAP Reconciliations

ADJUSTED EFFECTIVE TAX RATE

	<u>Three Months Ended</u>	
	<u>Mar 30, 2019</u>	<u>Mar 31, 2018</u>
Income before Taxes	\$ 108.0	\$ 75.0
Provision for Income Taxes	21.2	15.7
Effective Tax Rate	19.6%	20.9%
Income before Taxes	\$ 108.0	\$ 75.0
(Gain) Loss on Business Divested and Assets to be Exited	(31.2)	-
Adjusted Income before Taxes	<u>\$ 76.8</u>	<u>\$ 75.0</u>
Provision for Income Taxes	\$ 21.2	\$ 15.7
Tax Effect from (Gain) Loss on Business Divested and Assets to be Exited	(5.3)	-
Adjusted Provision for Income Taxes	<u>\$ 15.9</u>	<u>\$ 15.7</u>
Adjusted Effective Tax Rate	20.7%	20.9%

Appendix Non-GAAP Reconciliations

FREE CASH FLOW

(Dollars in Millions)

Net Cash Provided by Operating Activities
Additions to Property Plant and Equipment
Free Cash Flow

Three Months Ended	
Mar 30, 2019	Mar 31, 2018
\$ 18.3	\$ 42.5
(20.2)	(19.3)
<u>\$ (1.9)</u>	<u>\$ 23.2</u>

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 Mar 30, 2019	\$ 380.3	\$ 263.3	\$ 210.2	\$ 853.8
Net Sales from Business Acquired	(31.7)	-	-	(31.7)
Net Sales from Business Divested/to be Exited	-	(15.5)	(5.6)	(21.1)
Impact from Foreign Currency Exchange Rates	8.1	2.9	2.8	13.8
Organic Sales Three Months Ended Mar 30, 2019	<u>\$ 356.7</u>	<u>\$ 250.7</u>	<u>\$ 207.4</u>	<u>\$ 814.8</u>
Net Sales Three Months Ended Mar 31, 2018	\$ 414.0	\$ 259.9	\$ 204.9	\$ 878.8
Net Sales from Business Divested/to be Exited	(33.5)	(18.0)	(4.3)	(55.8)
Adjusted Net Sales Three Months Ended Mar 31, 2018	<u>\$ 380.5</u>	<u>\$ 241.9</u>	<u>\$ 200.6</u>	<u>\$ 823.0</u>
Organic Sales Growth %	(6.3)%	3.6 %	3.4 %	(1.0)%
Net Sales Growth %	(8.1)%	1.3 %	2.6 %	(2.8)%

Appendix Non-GAAP Reconciliations

TOTAL NET DEBT/ADJUSTED EBITDA

(Dollars in Millions)

	LTM Mar 30, 2019
Net Income	\$ 263.3
Plus: Taxes	61.9
Plus: Interest Expense	55.8
Less: Interest Income	(2.8)
Plus: Depreciation and Amortization	141.9
Plus: Restructuring and Related Costs	8.3
Plus: Purchase Accounting & Transaction Costs	5.5
Plus: Impairment and Exit Related Costs	44.9
Plus: CEO Transition Costs	5.4
Less: Operating Income from Businesses Divested/to be Exited	(17.3)
Less: Gain on Sale of Assets	(2.2)
Less: Gain on Divestiture of Business	(41.2)
Adjusted EBITDA	\$ 523.5
Current Maturities of Debt	\$ 2.1
Long-Term Debt	1,213.2
Less: Cash	(264.3)
Total Net Debt	\$ 951.0
Total Net Debt/Adjusted EBITDA	1.8

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