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

ADJUSTED DILUTED EARNINGS PER SHARE

	Three Months Ended		Six Months Ended	
	Jun 29, 2019	Jun 30, 2018	**Jun 29, 2019**	Jun 30, 2018
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	**$ 1.52**	$ 1.52	**$ 2.95**	$ 2.78

2019 ADJUSTED ANNUAL GUIDANCE

	Minimum	Maximum
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	$ 5.50	$ 5.80

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ADJUSTED INCOME FROM OPERATIONS
(Dollars in Millions)

	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
GAAP Income from Operations	**$ 19.5**	$ 30.5	**$ 51.7**	$ 44.0	**$ 24.8**	$ 25.1	**$ 96.0**	$ 99.6
Restructuring and Related Costs	**2.6**	0.7	**0.6**	0.7	**0.4**	0.1	**3.6**	1.5
Purchase Accounting and Transaction Costs	**-**	5.1	**-**	-	**-**	-	**-**	5.1
(Gain) Loss on Businesses Divested and Assets to be Exited	**1.8**	-	**(6.1)**	-	**0.1**	-	**(4.2)**	-
Operating Income from Businesses Divested/to be Exited	**-**	(3.0)	**(0.1)**	(2.1)	**-**	(0.3)	**(0.1)**	(5.4)
CEO Transition Costs	**0.1**	-	**-**	-	**-**	-	**0.1**	-
Adjusted Income from Operations	**$ 24.0**	$ 33.3	**$ 46.1**	$ 42.6	**$ 25.3**	$ 24.9	**$ 95.4**	$ 100.8
GAAP Operating Margin %	**4.9%**	6.5 %	**19.3 %**	15.9 %	**12.2 %**	11.8 %	**11.0 %**	10.4 %
Adjusted Operating Margin %	**6.0%**	7.6 %	**17.6 %**	16.5 %	**12.4 %**	12.0 %	**11.0 %**	11.2 %

ADJUSTED INCOME FROM OPERATIONS
(Dollars in Millions)

	Six 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
GAAP Income from Operations	**$ 73.0**	$ 59.6	**$ 90.6**	$ 76.3	**$ 53.0**	$ 51.9	**$ 216.6**	$ 187.8
Restructuring and Related Costs	**4.7**	2.0	**0.7**	1.1	**0.5**	0.1	**5.9**	3.2
Purchase Accounting and Transaction Costs	**0.1**	5.1	**-**	-	**-**	-	**0.1**	5.1
(Gain) Loss on Businesses Divested and Assets to be Exited	**(31.8)**	-	**(4.8)**	-	**1.2**	-	**(35.4)**	-
Operating (Income) Loss from Businesses Divested/to be Exited	**-**	(6.3)	**(2.0)**	(3.7)	**(0.3)**	0.1	**(2.3)**	(9.9)
CEO Transition Costs	**0.8**	-	**0.5**	-	**0.4**	-	**1.7**	-
Adjusted Income from Operations	**$ 46.8**	$ 60.4	**$ 85.0**	$ 73.7	**$ 54.8**	$ 52.1	**$ 186.6**	$ 186.2
GAAP Operating Margin %	**9.3 %**	6.7 %	**17.1 %**	14.2 %	**12.8 %**	12.4 %	**12.5 %**	10.2 %
Adjusted Operating Margin %	**6.0 %**	7.4 %	**16.7 %**	14.7 %	**13.4 %**	12.8 %	**11.0 %**	10.8 %

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ADJUSTED NET SALES
(Dollars in Millions)

	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
Net Sales	**$ 401.8**	$ 469.0	**$ 267.9**	$ 277.3	**$ 204.0**	$ 213.4	**$ 873.7**	$ 959.7
Nets Sales for Businesses Divested/to be Exited	**-**	(33.6)	**(5.6)**	(19.2)	**-**	(5.6)	**(5.6)**	(58.4)
Adjusted Net Sales	**$ 401.8**	$ 435.4	**$ 262.3**	$ 258.1	**$ 204.0**	$ 207.8	**$ 868.1**	$ 901.3

ADJUSTED NET SALES
(Dollars in Millions)

	Six 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
Net Sales	**$ 782.1**	$ 883.0	**$ 531.2**	$ 537.2	**$ 414.2**	$ 418.3	**$ 1,727.5**	$ 1,838.5
Nets Sales for Businesses Divested/to be Exited	**-**	(67.1)	**(21.1)**	(37.2)	**(5.6)**	(9.9)	**(26.7)**	(114.2)
Adjusted Net Sales	**$ 782.1**	$ 815.9	**$ 510.1**	$ 500.0	**$ 408.6**	$ 408.4	**$ 1,700.8**	$ 1,724.3

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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%

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FREE CASH FLOW
(Dollars in Millions)

	Three Months Ended		Six Months Ended	
	Jun 29, 2019	Jun 30, 2018	**Jun 29, 2019**	Jun 30, 2018
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	**$ 76.3**	$ 80.6	**$ 74.4**	$ 103.8
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	**$ 62.6**	$ 65.9	**$ 122.6**	$ 124.3
Free Cash Flow as a Percentage of Adjusted Net Income Attributable to Regal Beloit Corporation	**121.9 %**	122.3 %	**60.7 %**	83.5 %

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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	$ 411.3	$ 264.1	$ 206.1	$ 881.5
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	$ 435.4	$ 258.1	$ 207.8	$ 901.3
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	$ 768.0	$ 514.8	$ 413.5	$ 1,696.3
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	$ 815.9	$ 500.0	$ 408.4	$ 1,724.3
Organic Sales Growth %	(5.9)%	3.0 %	1.2 %	(1.6)%
Net Sales Growth %	(11.4)%	(1.1)%	(1.0)%	(6.0)%

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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)
Adjusted EBITDA	**$**	**514.3**
Current Maturities of Debt	$	0.6
Long-Term Debt		1,222.7
Less: Cash		(291.3)
Total Net Debt	**$**	**932.0**
Total Net Debt/Adjusted EBITDA		**1.8**

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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	(43.9)	(18.0)	(4.3)	(66.2)
Adjusted Net Sales from Ongoing Business	$ 370.1	$ 241.9	$ 200.6	$ 812.6
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	$ 27.6	$ 31.1	$ 27.2	$ 85.9
Ongoing Business Adjusted Operating Margin %	7.5%	12.9%	13.6%	10.6%
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	(43.7)	(19.2)	(5.6)	(68.5)
Adjusted Net Sales from Ongoing Business	$ 425.3	$ 258.1	$ 207.8	$ 891.2
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	$ 32.3	$ 42.6	$ 24.9	$ 99.8
Ongoing Business Adjusted Operating Margin %	7.6%	16.5%	12.0%	11.2%

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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	(46.7)	(13.3)	(4.8)	(64.8)
Adjusted Net Sales from Ongoing Business	$ 415.6	$ 242.1	$ 202.9	$ 860.6
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	$ 32.2	$ 39.7	$ 27.9	$ 99.8
Ongoing Business Adjusted Operating Margin %	7.7%	16.4%	13.8%	11.6%
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	(47.5)	(11.2)	(5.2)	(63.9)
Adjusted Net Sales from Ongoing Business	$ 389.2	$ 221.0	$ 207.6	$ 817.8
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	$ 29.6	$ 32.5	$ 25.1	$ 87.2
Ongoing Business Adjusted Operating Margin %	7.6%	14.7%	12.1%	10.7%

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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	(181.8)	(61.7)	(19.9)	(263.4)
Adjusted Net Sales from Ongoing Business	$ 1,600.2	$ 963.1	$ 818.9	$ 3,382.2
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	$ 121.7	$ 145.9	$ 105.1	$ 372.7
Ongoing Business Adjusted Operating Margin %	7.6%	15.1%	12.8%	11.0%

2018 ADJUSTED DILUTED EARNINGS PER SHARE FOR ONGOING BUSINESS	Three Months Ended				Twelve Months
	Mar 31, 2018	Jun 30, 2018	Sep 29, 2018	Dec 29, 2018	Ended Dec 29,
Adjusted Diluted Earnings Per Share	$ 1.33	$ 1.59	$ 1.67	$ 1.41	**$ 6.00**
Earnings Per Share from Businesses Divested/to be Exited	(0.06)	(0.09)	(0.11)	(0.10)	**(0.36)**
Adjusted Diluted Earnings Per Share for Ongoing Business	$ 1.27	$ 1.50	$ 1.56	$ 1.31	**$ 5.64**

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	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

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