Regal Beloit Corporation Investor Day 2017

Segment Breakout Sessions

March 10, 2017

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Commercial & Industrial Systems

Regal Beloit Corporation Investor Day 2017

March 10, 2017

Mike Wickiser
Senior Vice President
Commercial Motors

Eric McGinnis
Vice President
Industrial Motors and Power Generation

Mike Logsdon
Vice President
Technology

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Agenda

- C&I Systems Overview
- Growth Progress – 2016 & 2017
- Core Products and Energy Legislation Update
- New Products to Drive Growth
- Questions

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Commercial & Industrial Systems Overview

2016 Sales
$1,531M

Improving Industrial Environment

Primary Brands

marathon™

LEESON®

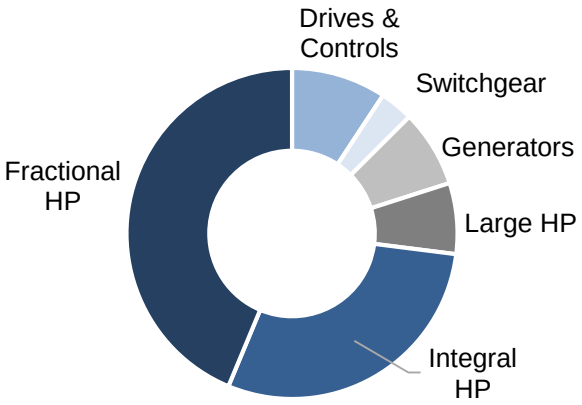
Century®

Revolutionary New Products

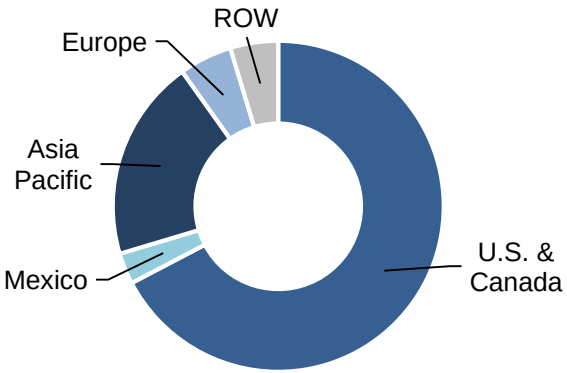
Increased Focus on Distribution

Targeting Growth in IHP

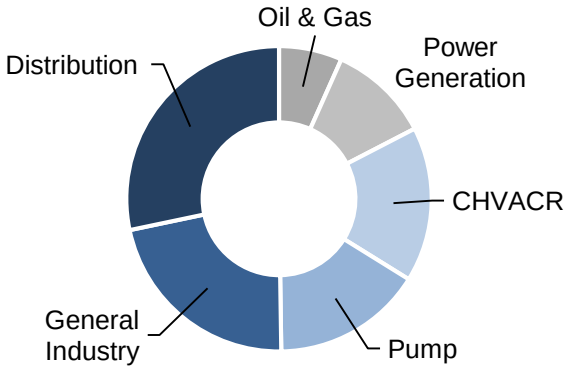
Sales by Product



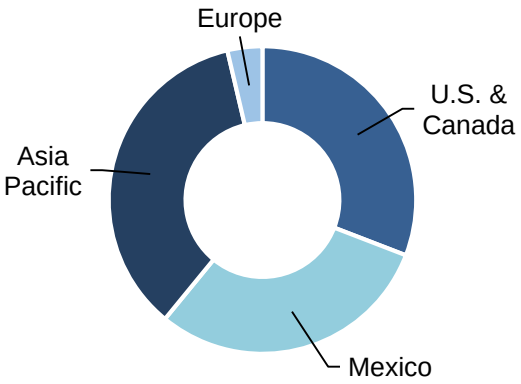
Sales by Geography



Sales by End Market



Production by Region



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C&I Systems Products

Motors and Controls













Power Generation



Drive & Control Systems



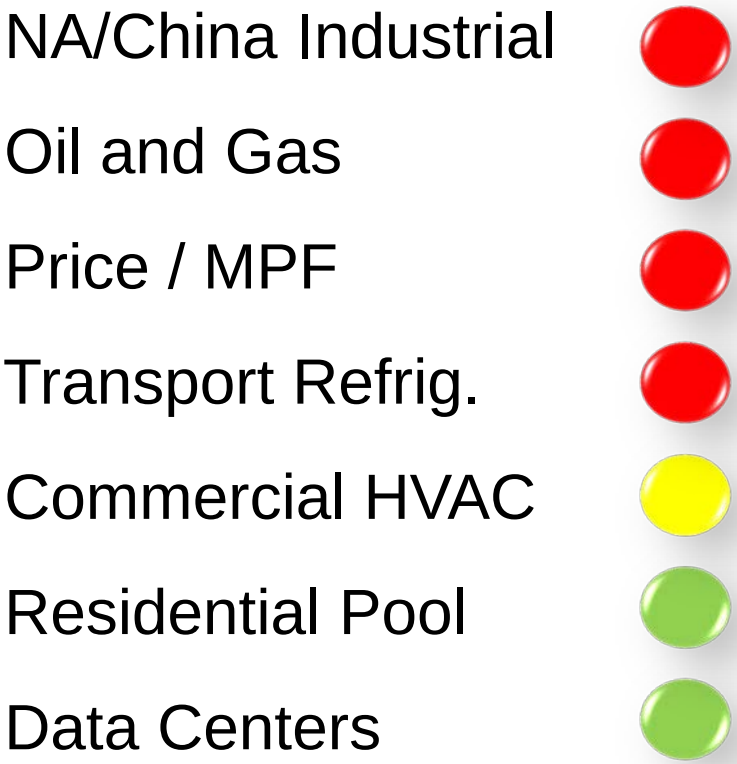




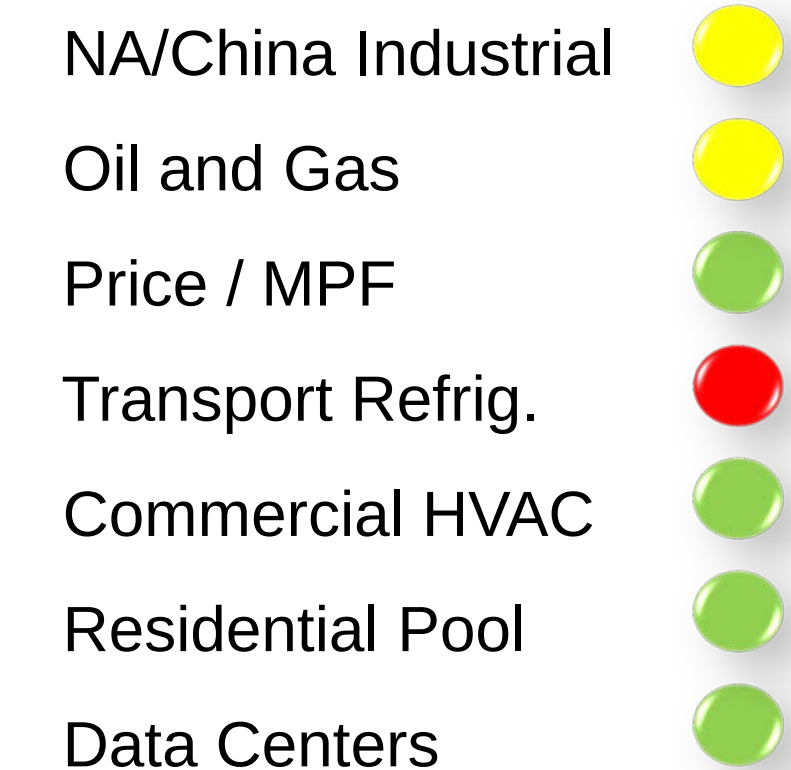
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Commercial & Industrial Systems

2016 End Markets



2017 Outlook



Growth Driven by Improving End Markets and Efficiency Trends

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Energy Efficiency



TRENDS

- Higher Efficiencies
- Variable Speed
- System Integration

REGULATIONS

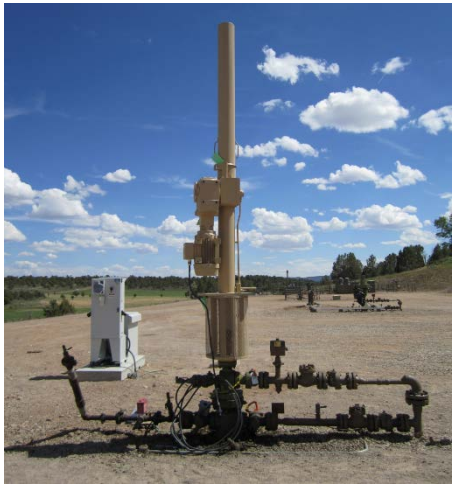
- Commercial HVAC – 2018
- Resi Pool Pumps – 2019
- C&I Pumps – 2021

Sales Impact $20M

Energy Efficiency Trends Drive Growth

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Drives and Controls



Oil and Gas Solutions



Motor Starter and Low Voltage Drives

- 80% of Rightsizing Complete in 2016 – Evaluating Further Restructuring
- Diversified Product Capabilities to Serve Other Markets
- Improving Environment in Oil and Gas End Markets

Business Rightsized – Markets Improving

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C&I Global Industrial Motor Growth

- World Class Manufacturing Facilities
- New Global Integral Motor Design Platform
- Single Global Industrial Management Team
- Adding Incremental Sales Resources
- Focus on Key OEMs and the Distribution Channel







Growing the Core With Simplified Design and Competitive Footprint

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Technology as Growth Driver





SyMAX®



SyMAX-i®

Fixed Speed Induction → **Permanent Magnet (PM) Motors** → **PM Motors with Integrated Control**





SyMAX®



Regal Continues to Lead This Transformation

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Presenting UlteMAX™



5” Thick 10hp Motor with Modular Control Pods



10hp Induction Motor & Separate Control Plus Supporting Structure (>250 lbs)



10hp Regal UlteMAX™ Axial Motor and Integrated Control (<50 lbs)

Axial Form Factor Changing the Game in Air Moving - $70M Sales Over 7 Years

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C&I Systems Key Takeaways

- End Markets Improving
- Energy Efficiency Trends are a Tailwind
- Industrial Motors Global Platform Complete
- Emerging Custom Drives & Controls Segment
- Exciting New Products

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Climate Solutions

Regal Beloit Corporation Investor Day 2017

March 10, 2017

John Kunze
Vice President
Climate Solutions

Paul Selking
Business Leader
HVAC

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Agenda

- Climate Solutions Overview
- HVAC Market Outlook
- Energy Legislation Update
- New Products to Drive Growth
- Questions

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Climate Solutions Overview

2016 Sales
$960M

genteq®

FASCO

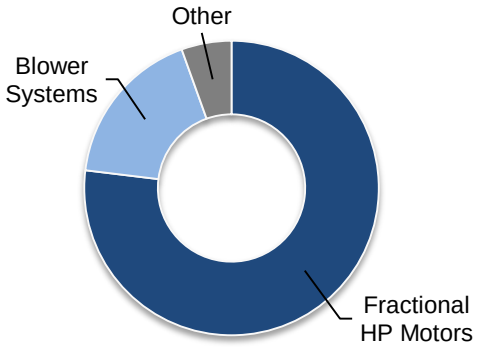
Century®

Diversity in Served Segments

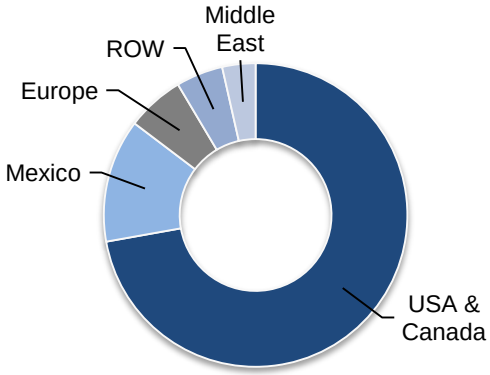
Global Foot Print

Technology & Market Leader

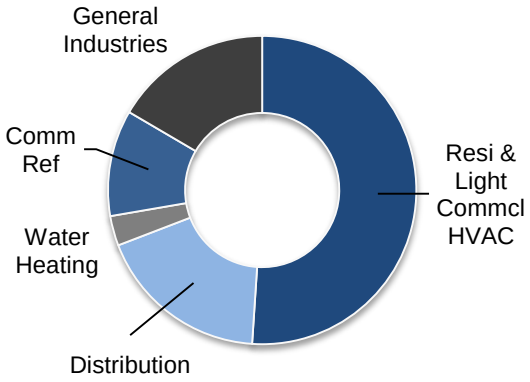
Sales by Product



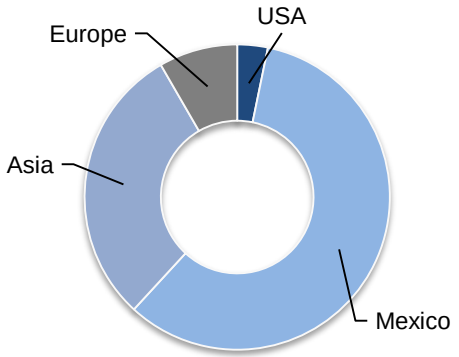
Sales by Geography



Sales by End Market



Production by Region



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Key Products and Applications

Products













Applications



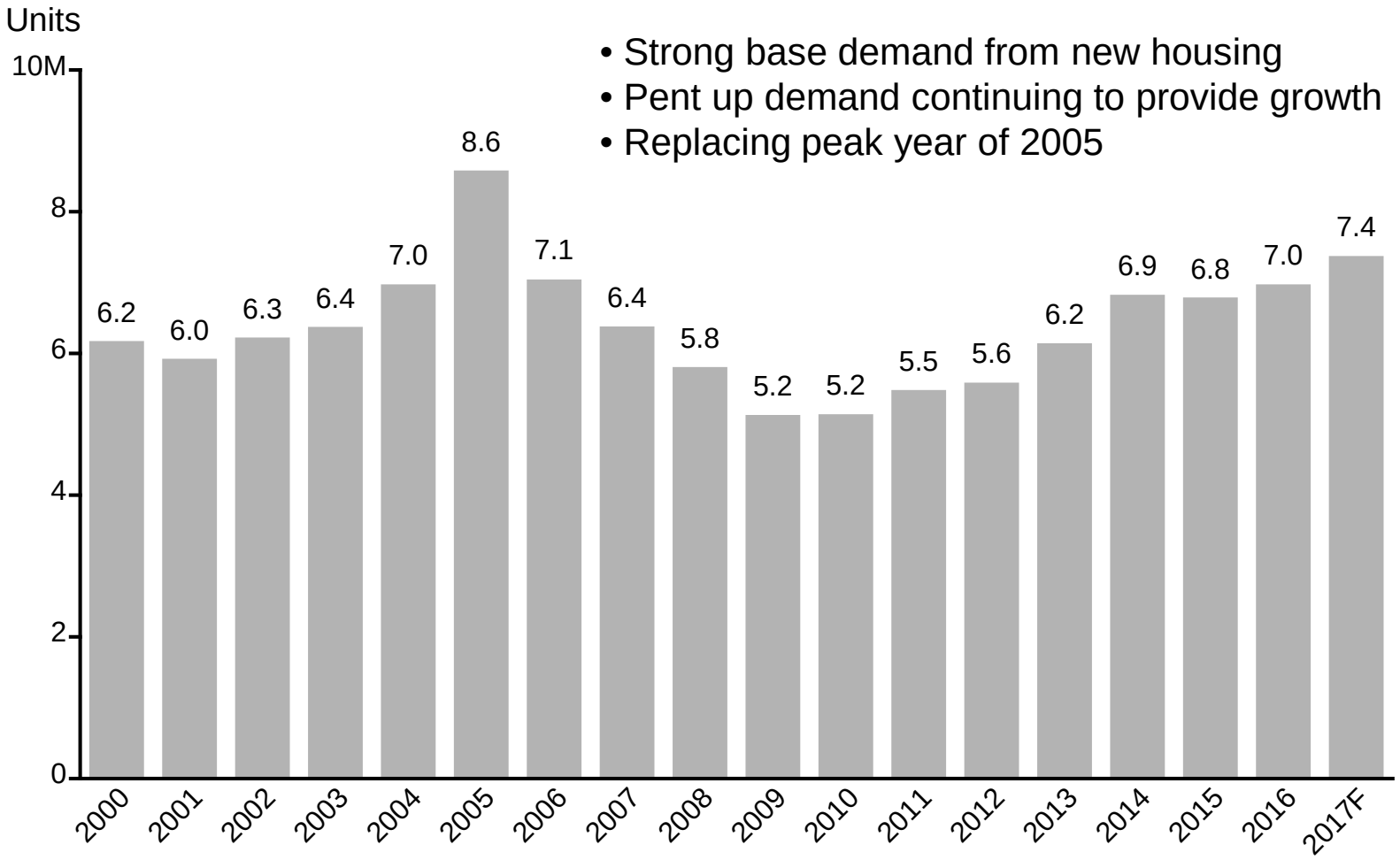






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North America Resi. HVAC Demand Outlook



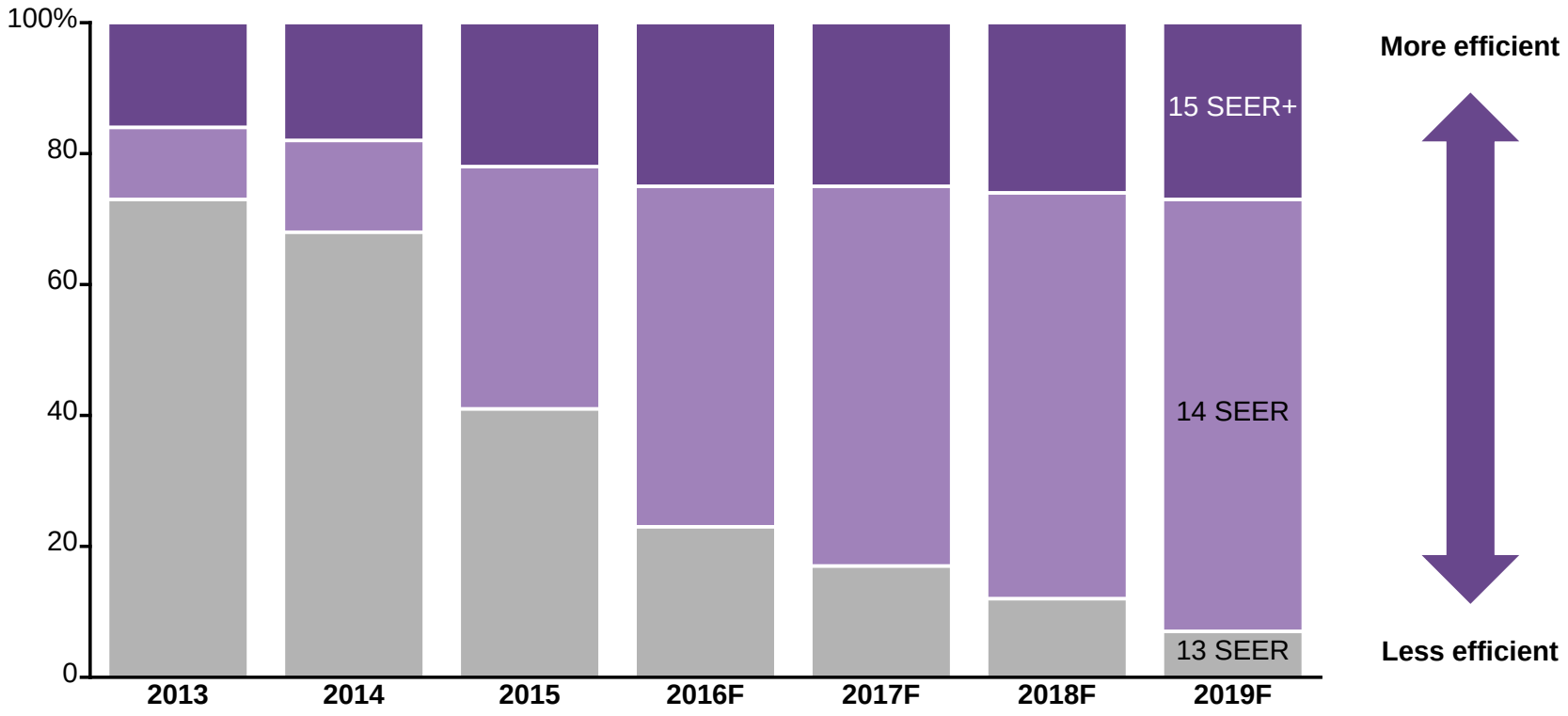
North American Residential HVAC Growth Continues

Source: AHRI; JP Morgan HVAC Industry Report (2016)

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Resi. HVAC Sector Transitioning to Higher SEER

AHRI units by SEER mix



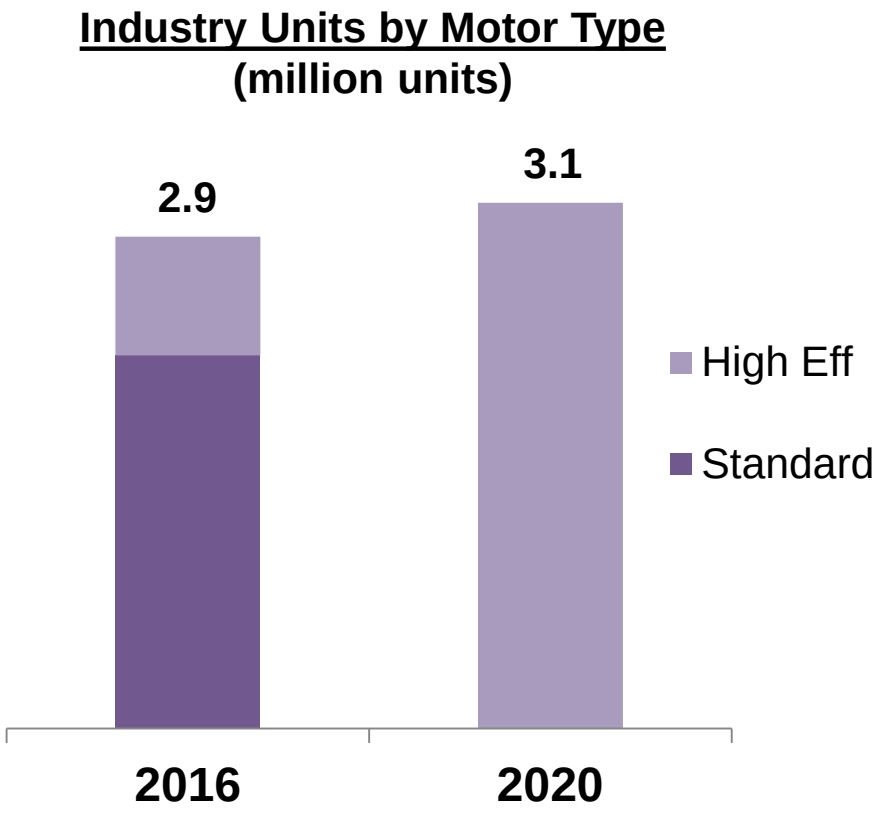
Product Mix Shift Toward Higher Efficiency Presents Opportunity for Regal

Source: AHRI; JP Morgan HVAC Industry Report (2016), Management estimate

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Furnace Fan Regulation Impact

- Fan Energy Rating (FER)
- New National Furnace Standard
- Electrical Efficiency Requirement
- High Efficiency Motor Mandate
- 7/1/19 Effective Date

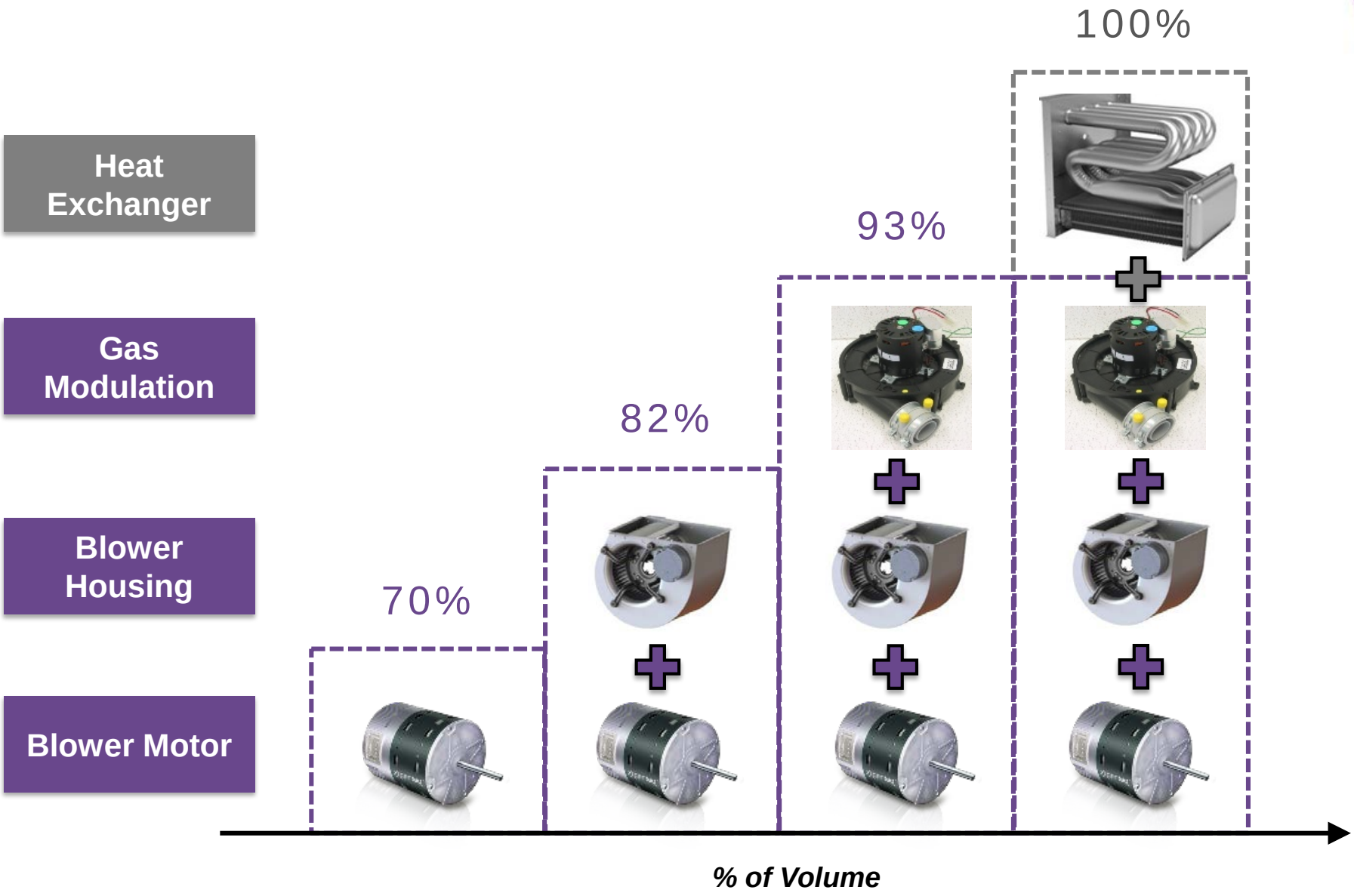


Significant Industry Mix Shift by 2020

Sources: AHRI & Management estimates

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Four Paths To Meet FER Regulation



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New Products Driving Growth



Draft Inducer



Pre-Mix



DEC Star®

Regal Axial Technology Provides Differentiation

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AHR Expo 2017 – Customer Highlights



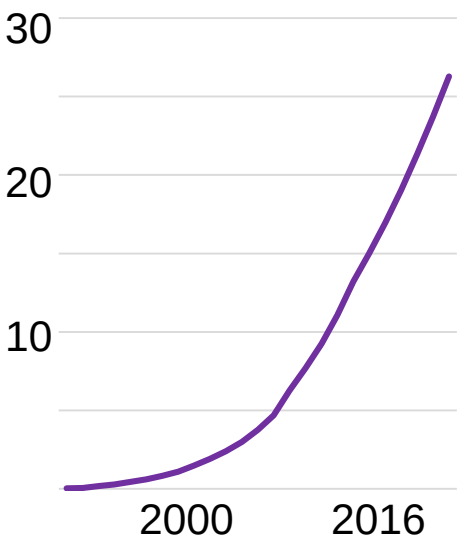


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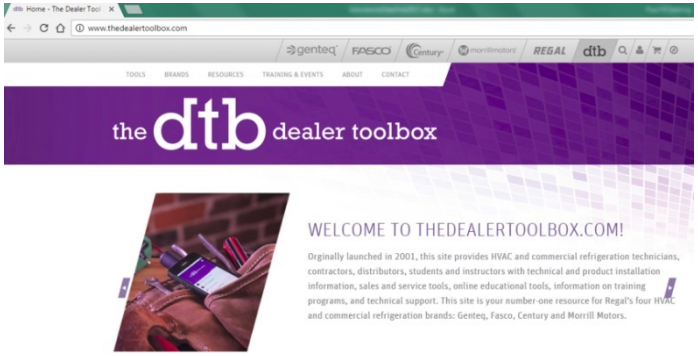
ECM Proliferation Now Needs Service

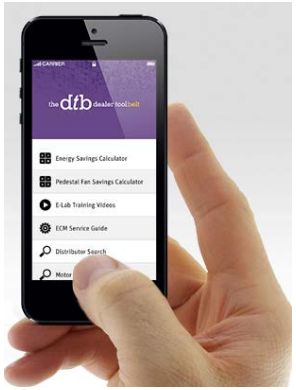
Installed Base

Millions of units



Contractor Tools





Product Solutions





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Climate Solutions Key Takeaways

- Leader in NA HVAC, Water Heating & Commercial Refrigeration
- Positive Market Growth Drivers
- Energy Efficiency Provides Tailwinds
- Innovative New Products Taking Hold

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Power Transmission Solutions

Regal Beloit Corporation Investor Day 2017

March 10, 2017

Jerry Morton
Vice President
Power Transmission Solutions

Dave Brick
Vice President
PTS Technology

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Agenda

- Power Transmission Solutions Overview
- Integration and Synergy Update
- Growth Drivers
- New Products
- Questions

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Power Transmission Solutions Overview

2016 Sales
$734M

Global Footprint

Primary Brands

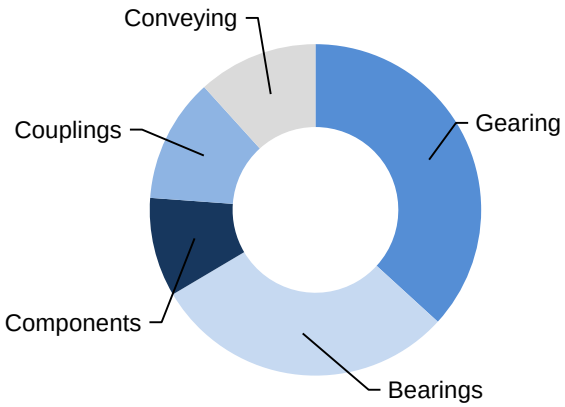
SEALMASTER · HUB CITY · SYSTEM PLAST · McGILL · KOP-FLEX · Browning · GROVE GEAR

Premier Power Transmission Brands

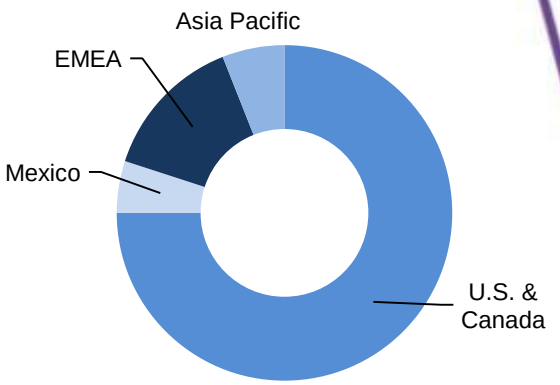
Balanced Customer Base

OEM - Distribution - End Users

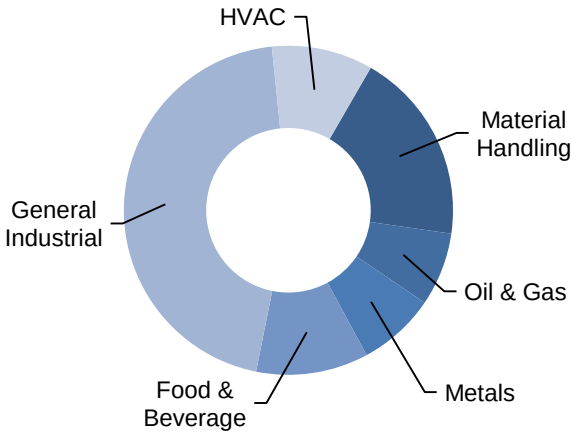
Sales by Product



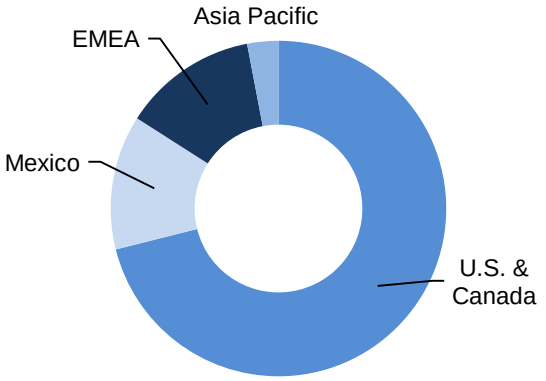
Sales by Geography



Sales by End Market



Production by Region



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PTS Established Brand Portfolio

Product	Brands	Est. Installed Base ($M)	Key Products
BEARINGS	Browning, McGILL, SEALMASTER	$1,740	 *Mounted Bearing*  *Cam Follower*
GEARING	Browning, HUB CITY, GROVE GEAR	$1,250	 *Worm Gearing*  *Shaft Reducer*
COUPLINGS	KOP-FLEX, JAURE	$1,000	 *Disc Couplings*  *Gear Coupling*
CONVEYING	SYSTEM PLAST	$525	 *Chain Guide*  *Conveyor Chain*
COMPONENTS	Browning, Morse	$450	 *V-Belt Drive*  *TorqGard™*

Large Installed Base Drives Like-for-Like Replacement Revenue

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PTS Integration Complete

- Integration of Regal's Largest and Most Complex Acquisition Now Complete
- Delivered $20 Million of Synergies through Year Two
- Forecasting $30 Million in Total Synergies By End of Year Three – Ahead of Original Four Year Plan



Executed Double Integration - Synergies Are Ahead of Schedule

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PTS Growth Drivers

Performance Excellence



Customer Care



Commercial Excellence



Prospects

Inquiries

Proposals

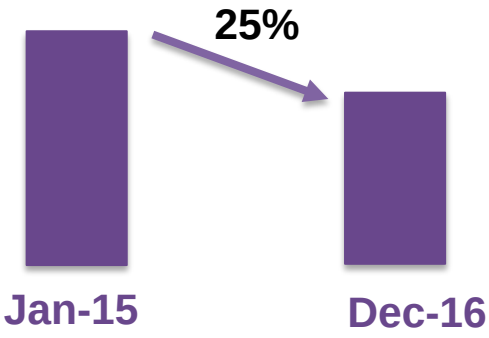
New Sales

New Products



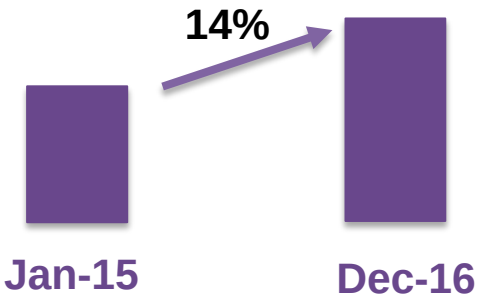
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Performance Excellence Impact



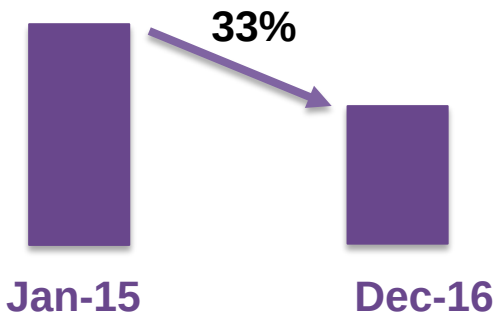
Past Due Backlog

- Daily Focus to Executive Level of Past Due by SKU
- Implemented Pull Systems



% Available in Stock

- Strategically Invested in the Right Inventory
- Customer Driven Portfolio Review Drove Supply Chain Refinement



Quality (PPM)

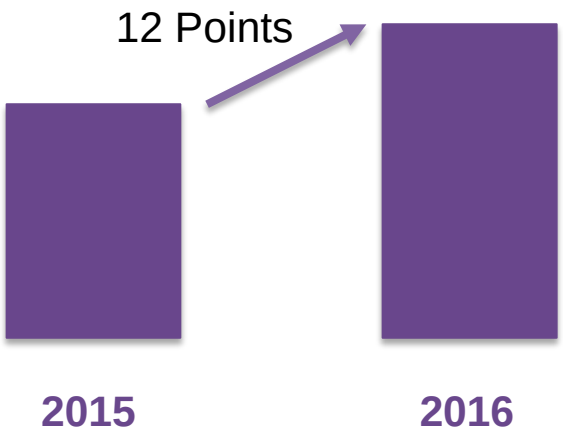
- Established Key Performance Indicators
- Regular Executive Reviews Establishing Improvement Plans

Performance Excellence Driving Key Customer Metrics

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Customer Care Improvement

- Acting on Customer Feedback
  - Nineteen Total Associates Added to U.S. Based Teams
  - Actions Completed in 2016
- Customer Care Actions Helped Drive an Improved Net Promoter Score



Net Promoter Score



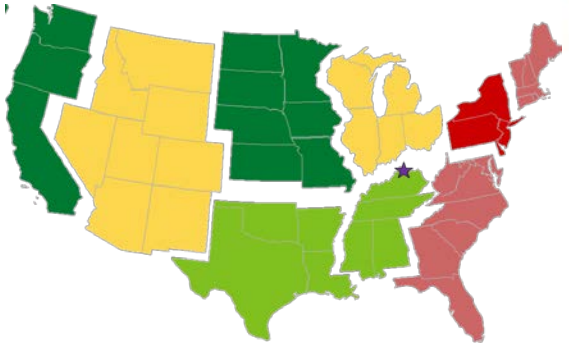
New Customer Care Team

Delighting Our Customers Drives Growth

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Commercial Excellence

- **Commercial Coverage**
  - Identified Sales Coverage Gap and Opportunities to Further Penetrate and Grow
  - Adding/Reallocating 30% More Resources to Field Sales Force
  - Complete in 2017



Heat Map Example

- **Increasing Effectiveness of Commercial Teams**
  - Increase Utilization of Customer Relationship Management (CRM) Tool
  - Execute Our Opportunity Funnel
  - Adding Sales Operations Team for Training and Analytics
  - Revised Sales Compensation Strategy (Variable Comp)



Extending Performance Excellence to the Commercial Function

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PTS Technology Update

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New Product Success

- New Product for Utility Scale Solar Improves the Efficiency of the Panels as They Track the Sun

- PTS Acquisition Enabled the Scale and Speed
  - Delivered ~$30M in Sales in 2 Years

- Next Generation Products Are in Development with Global Opportunities





Innovation and Synergy Delivering Growth and Margin

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New Products for Growth Industries

Material Handling

- Integrated Gearmotors
  - High Efficiency and Power Density
- Mounted Bearing
  - TIME SAVING™ Technology
- Modular Transfer System - MODSORT™
  - Improves Warehouse & Distribution Operations







Energy

- Fracking Pump Gearbox
  - 20% More HP - Fits Existing Rigs
- High Performance Disc Coupling
  - Lowest Weight - Highest Speed Capability





Focused Product Development Delivering $25M+ Growth Over 3 Years

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Key Takeaways

- Key End Markets Are Turning
- Integration Complete – Synergies Ahead of Schedule
- Renewed Focus on the Customer
- Commercial Excellence on Track
- Technology and New Product Teams Are Driving Growth

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