Regal Beloit Corporation Investor Day 2017

General Session

March 10, 2017

Rob Cherry
Vice President – Investor Relations

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Safe Harbor Statement

This presentation contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995.

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,” “plan,” “expect,” “anticipate,” “estimate,” “believe,” or “continue” or the negative of these terms or other similar words. Actual results and events could differ materially and adversely from those contained in the forward-looking statements due to a number of factors, including: uncertainties regarding our ability to execute our restructuring plans within expected costs and timing; increases in our overall debt levels as a result of the acquisition of the Power Transmission Solutions (“PTS”) business from Emerson Electric Co., or otherwise and our ability to repay principal and interest on our outstanding debt; actions taken by our competitors and our ability to effectively compete in the increasingly competitive global electric motor, power generation and mechanical motion control industries; our ability to develop new products based on technological innovation and the marketplace acceptance of new and existing products; fluctuations in commodity prices and raw material costs; our dependence on significant customers; issues and costs arising from the integration of acquired companies and businesses such as PTS, including the timing and impact of purchase accounting adjustments; prolonged declines in oil and gas up stream capital spending; 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, immigration 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 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; cyclical downturns affecting the global market for capital goods; difficulties associated with managing foreign operations; 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 on March 1, 2017 and from time to time in our reports filed with U.S. Securities and Exchange Commission. 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.

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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. 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. In addition, since our management often uses these non-GAAP financial measures to manage and evaluate our business, make operating decisions, and forecast our future results, we believe disclosing these measures helps investors evaluate our business in the same manner as management. 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 Appendix to the most directly comparable GAAP financial measures: adjusted diluted earnings per share (both historical and projected), adjusted income from operations, adjusted operating income, adjusted operating margin, adjusted EBIT and EBITDA, ROIC, free cash flow, and free cash flow as a percentage of net income attributable to Regal Beloit Corporation.

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 less the amount of sales attributable to any divested businesses ("acquisition sales"), and the impact of foreign currency translation. The impact of foreign currency translation is determined by translating the respective period's sales (excluding acquisition sales) using the same 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.

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Agenda

8:30-8:35 **Welcome & Introductions** – Rob Cherry, VP - IR

8:35-10:00 **General Session** – Tansa

– Mark Gliebe, Chairman & CEO

– Chuck Hinrichs, VP & CFO

– Jon Schlemmer, COO

10:00-10:30 **Q&A** – Tansa

10:30-10:45 **Break** – Balcony

10:45-12:15 **Segment Breakouts** (30-minute rotations)

I. **Commercial & Industrial Systems** – Tansa
II. **Climate Solutions** – Azekka
III. **Power Transmission Solutions** – Mirus

12:15-1:00 **Lunch** – Lorica

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Today's Presenters – General Session



Mark Gliebe
Chairman & CEO



Chuck Hinrichs
VP & CFO



Jon Schlemmer
COO



Rob Cherry
VP Investor Relations



John Avampato
VP & CIO



Rob Chesser
VP Manufacturing

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Today's Presenters – Commercial & Industrial



Mike Wickiser
Senior VP
Commercial Motors



Eric McGinnis
VP Industrial Motors &
Power Generation



Mike Logsdon
VP Technology

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Today's Presenters – Climate Solutions



John Kunze
VP Climate Solutions



Paul Selking
HVAC Business Leader

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Today's Presenters – Power Transmission Solutions



Jerry Morton
VP PTS



Dave Brick
VP PTS Technology

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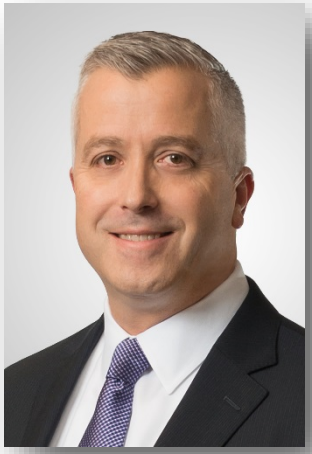
Other Participants – Finance



Rob Rehard
VP FP&A



Dan Erdman
VP Treasurer

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Enterprise Strategy

Regal Beloit Corporation Investor Day 2017

March 10, 2017

Mark Gliebe
Chairman & CEO

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Agenda

8:35-9:05 **Enterprise Strategy** – Mark Gliebe, Chairman & CEO

9:05-9:20 **Financial Overview** – Chuck Hinrichs, VP & CFO

9:20-10:00 **Organic Growth & Simplification**

– Jon Schlemmer, COO
– John Avampato, CIO
– Rob Chesser, VP Manufacturing

10:00-10:30 **Q & A**

10:30-10:45 **Break**

10:45-12:15 **Segment Breakouts** (30-minute rotations)**:**

C&I Systems – Mike Wickiser, Eric McGinnis, & Mike Logsdon

Climate Solutions – John Kunze & Paul Selking

Power Transmission Solutions – Jerry Morton & Dave Brick

12:15-1:00 **Lunch**

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Enterprise Strategy: 2017-2019

CORE CAPABILITIES

- Unique Culture
- Strong Operators
- Innovative

FOUNDATIONAL PERFORMANCE

- Top Quartile Cash Generation
- Improving Margins
- Customer Favored

KEY ELEMENTS

- Focus on Core
- Innovate to Grow
- Simplification

Drives Long Term Growth and Improved Returns

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Enterprise Strategy – Updated Performance Targets

Organic Sales Growth*	Adj. Operating Margins*	ROIC*	Free Cash Flow to Net Income*
2% – 4% CAGR	200 – 250 BPS	300 – 400 BPS	100% – 125%

By 2019

Enterprise Strategy Drives Sustainable Improvements in Financial Performance

* Non-GAAP Financial Measurement, See Appendix for Reconciliation

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Enterprise Strategy: 2017-2019

CORE CAPABILITIES

Unique Culture

Strong Operators

Innovative

FOUNDATIONAL PERFORMANCE

Top Quartile Cash Generation

Improving Margins

Customer Favored

KEY ELEMENTS

- Focus on Core
- Innovate to Grow
- Simplification

Drives Long Term Growth and Improved Returns

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Regal Core Capabilities

CORE CAPABILITIES

Unique Culture

Strong Operators

Innovative



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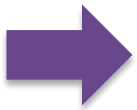
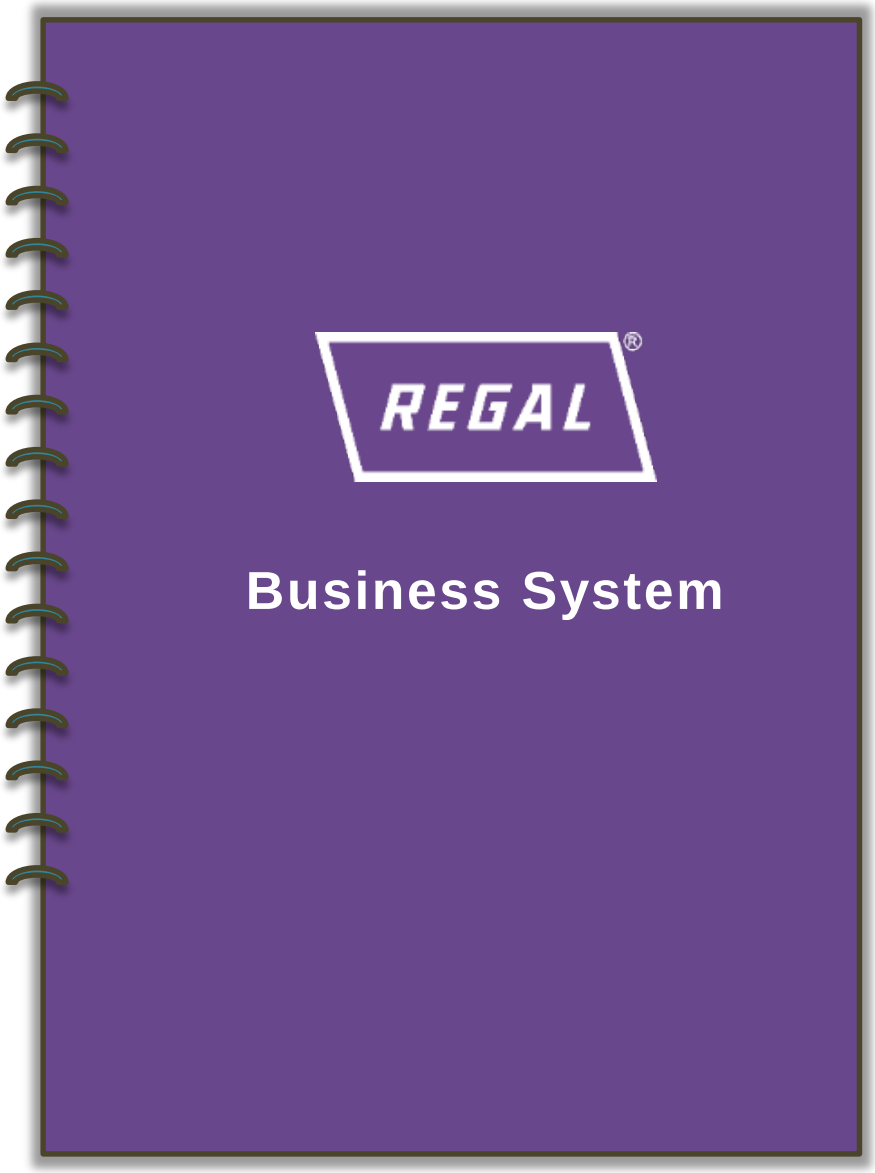
Regal Core Capabilities

CORE CAPABILITIES

- Unique Culture
- **Strong Operators**
- Innovative





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Business System

When there is a **Distinct Advantage** to **Standardize** and **Deploy** common elements across Regal, we will do so. It is the compilation of these **Cultural Behaviors** & **Business Processes** that make up the **Regal Business System.**



"There is Power in the Way We Work."

©2017 Regal Beloit Corporation

Business System

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"There is Power in the Way We Work."

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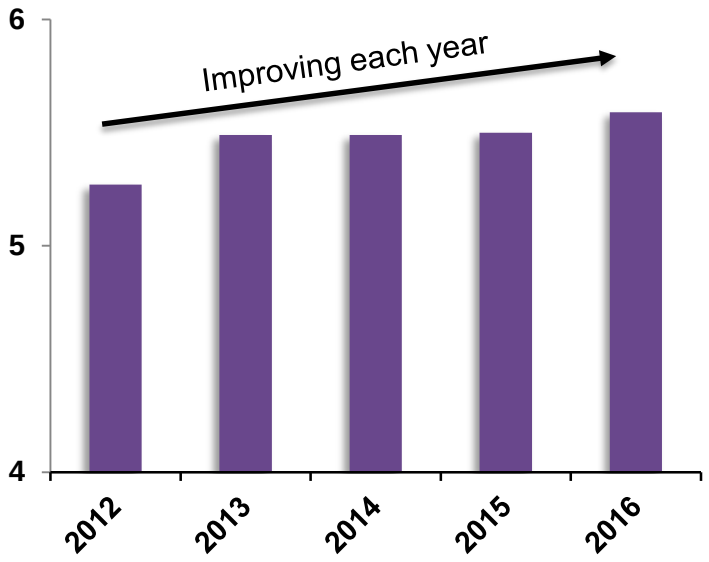
Regal Core Capabilities

CORE CAPABILITIES

- Unique Culture
- Strong Operators
- **Innovative**

Customer Survey Innovation Score



Customers Recognizing Innovation

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Innovation – DEC Star®



Innovative

- First to Market
- New Technology in the Motor, Drive, Blower Construction and Blower Wheel
- 17 Patents Issued and Pending

Delivers Benefits to Customers

- Substantial Improvement in Energy Efficiency
- Less Noise
- Less Weight
- Uniform Airflow

Helps Meet Difficult FER, SEER and EER Regulations with One Simple Upgrade

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Innovation - UlteMAX™



Innovative

- First to Market
- Revolutionary Form Factor
- New Technology in the Motor, Drive
- 8 Patents Issued and Pending

Delivers Benefits to Customers

- Substantial Improvement in Energy Efficiency
- 50% - 75% Less Weight and Size

Improving Energy Efficiency with Less Weight and Lower System Cost

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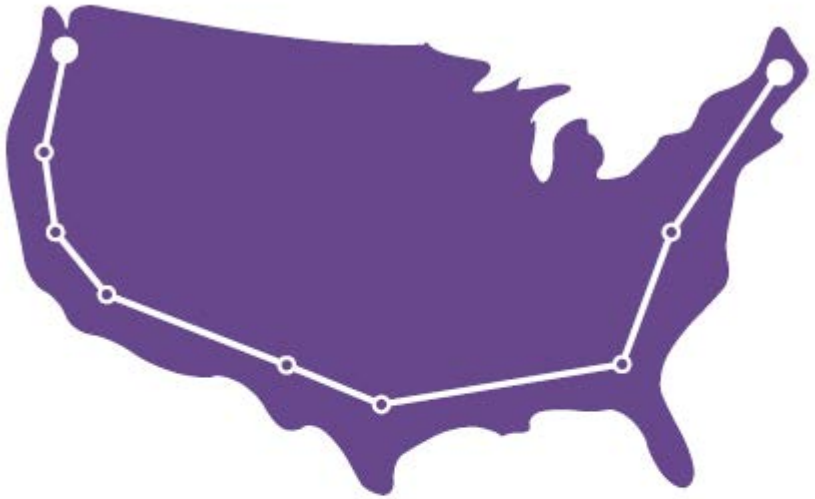
Positive Handprint





OVER THE LAST 25 YEARS, OUR ECM LINE OF GENTEQ® MOTORS HAS OFFSET MORE THAN

100,000,000

METRIC TONS OF GREENHOUSE GAS AND SAVED THE ENERGY EQUIVALENT OF A TRAIN LOADED WITH COAL EXTENDING 5,000 MILES.

Creating a Better Tomorrow

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Enterprise Strategy: 2017-2019

CORE CAPABILITIES

- Unique Culture
- Strong Operators
- Innovative

FOUNDATIONAL PERFORMANCE

- Top Quartile Cash Generation
- Improving Margins
- Customer Favored

KEY ELEMENTS

- Focus on Core
- Innovate to Grow
- Simplification

Drives Long Term Growth and Improved Returns

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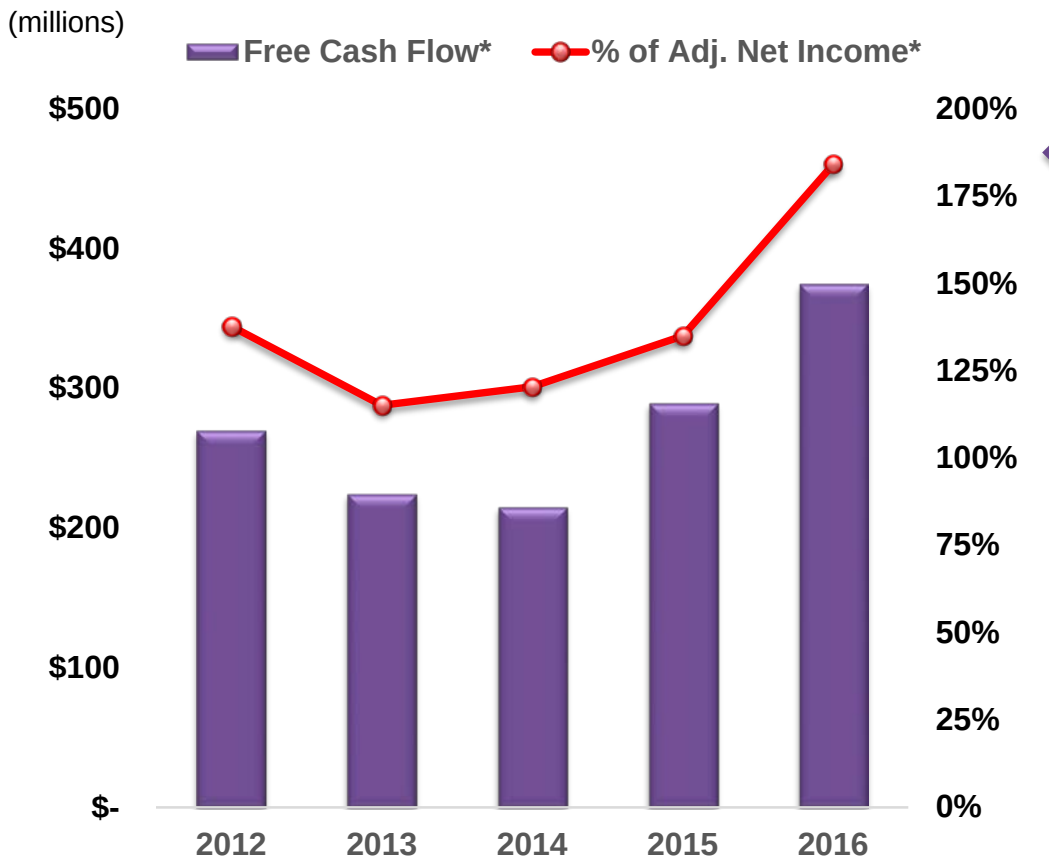
Regal's Foundational Performance



FOUNDATIONAL PERFORMANCE

Top Quartile Cash Generation

Improving Margins

Customer Favored

Consistently Delivering Strong FCF – 138% Annual Average

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

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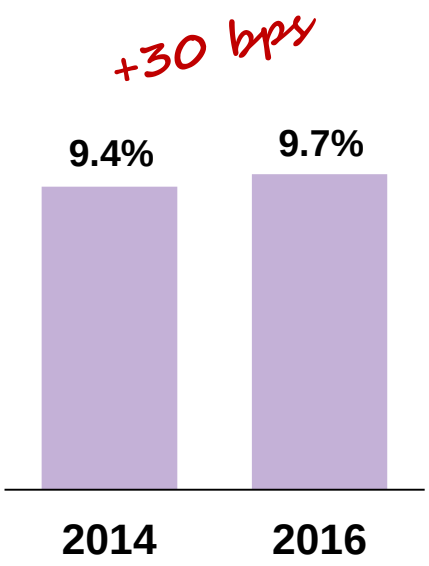
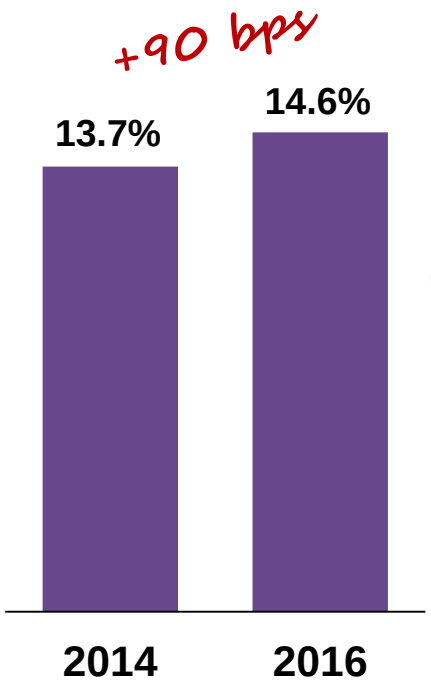
Regal's Foundational Performance

FOUNDATIONAL PERFORMANCE

Adj. EBIT* Margin



Adj. EBITDA* Margin



Top Quartile Cash Generation

Improving Margins

Customer Favored

Increasing Margins Through Difficult Markets

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

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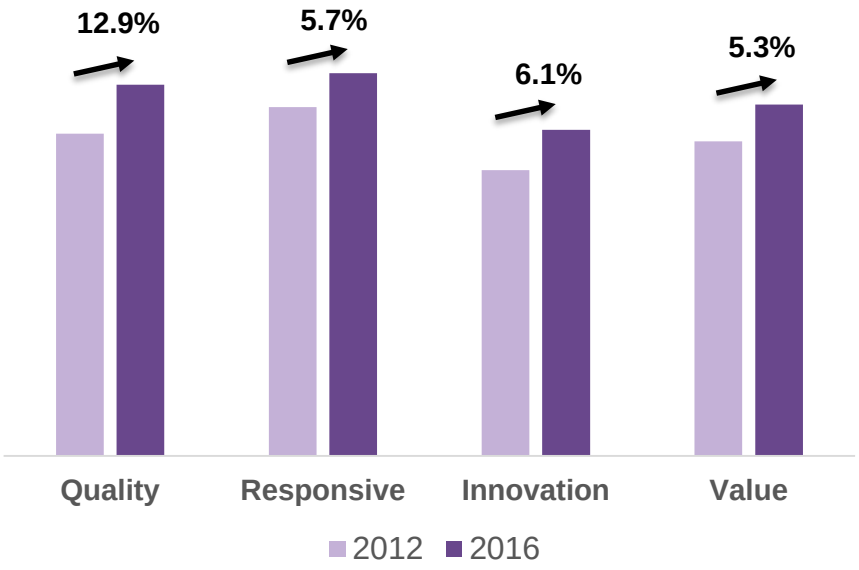
Regal's Foundational Performance

2016 Customer Survey Results

- Best Net Promoter Score Ever
- Best Response Rate Ever
- 3rd Consecutive Year of Improvement



FOUNDATIONAL PERFORMANCE

Top Quartile Cash Generation

Improving Margins

Customer Favored

Continuously Improving Our Performance for Customers

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Regal's Foundational Performance







Performing for Our Most Demanding Customers

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Enterprise Strategy: 2017-2019

CORE CAPABILITIES

- Unique Culture
- Strong Operators
- Innovative

FOUNDATIONAL PERFORMANCE

- Top Quartile Cash Generation
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- Customer Favored

KEY ELEMENTS

- Focus on Core
- Innovate to Grow
- Simplification

Drives Long Term Growth and Improved Returns

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Focus on the Core

KEY ELEMENTS

- **Focus on Core**
- **Innovate to Grow**
- **Simplification**

Focus **Regal's talent, capital and energy on** ***core businesses*** **so that we can** ***accelerate our growth*** **and position ourselves for** ***long term success.***

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Focus on the Core

- Acquisition First
- Serial Acquirer

To

- Organic First
- Targeted Acquisitions

- **Focus On Core Businesses Where We Can Differentiate with Technology**
- **Increase the Focus on the Distribution Channel to Drive Growth**
- **Selectively Prune Businesses Where We Do Not Have a Clear Advantage or Scale**
- **Management Incentivized to Deliver Organic Revenue Growth and Operating Margin Improvement**
- **Balanced Capital Deployment Between Share Repurchases and Acquisitions**

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Innovate for Growth

KEY ELEMENTS

- Focus on Core
- Innovate to Grow
- Simplification

***Innovation* that *delivers differentiated value* to customers drives sustained organic *growth* and *margin improvement*.**

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Innovation

Energy Efficiency

Commercial Refrigeration
- Effective March of 2017
- Requires ECM type motor

Commercial HVAC
- Effective July of 2018
- Expecting shift to ECM

Fan Energy Rating (FER)
- Effective July of 2019
- Expecting significant shift to ECM

Disruptive Technology

HP Range	Year	Markets
< 1.0	2011	Furnaces Boilers Appliances
0.5 - 1.0	2015	Furnaces Air Handlers
3.0 – 15.0	2017	Ind. Fans Pumps







Internet of Things

- Efficient motors use electronics
- Every motor can be a sensor
- Every motor can communicate
- Every motor can be programmed



- Data Analytics
- Predictive Maintenance

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Continue Simplification

KEY ELEMENTS

- Focus on Core
- Innovate to Grow
- **Simplification**

Complexity is a barrier **to growth, speed and profitability. Continue to *simplify our structure and footprint* to improve our *customer responsiveness* and increase our *margins.***

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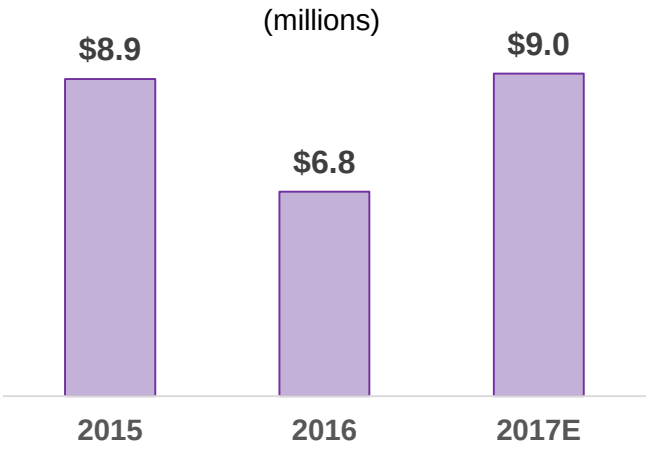
Simplification Initiative

Restructuring Expenses*



Delivering

- ~2 Year or Less Payback
- ~35 BPS Annual Adjusted Operating Margin Improvement
- Improved Customer Service

- Manufacturing Footprint
- ERPs
- Warehouses
- Design Platforms
- Suppliers

Still More Opportunity

* Total Restructuring and Restructuring Related Costs.

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Leveraging Simplification

Rooftop Consolidation

1,845K

sq ft consolidated

Enables

Automation



ERP Consolidation

80%

revenue on one system

Enables

Digital Customer Experience



Platform Consolidation

4

design platforms eliminated

Enables

Innovation

- Energy Efficiency
- Disruptive Technology
- Internet of Things

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Enterprise Strategy: 2017-2019

CORE CAPABILITIES

Unique Culture

Strong Operators

Innovative

FOUNDATIONAL PERFORMANCE

Top Quartile Cash Generation

Improving Margins

Customer Favored

KEY ELEMENTS

- Focus on Core
- Innovate to Grow
- Simplification

Drives Long Term Growth and Improved Returns

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Financial Overview

Regal Beloit Corporation Investor Day 2017

March 10, 2017

Chuck Hinrichs
Vice President and Chief Financial Officer

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Agenda

- Sales and Earnings Review
- Strong Free Cash Flow
- Cash Repatriation
- Uses of Cash
- Debt and Leverage Ratio
- Capital Allocation Priorities
- Update on 2017 Guidance

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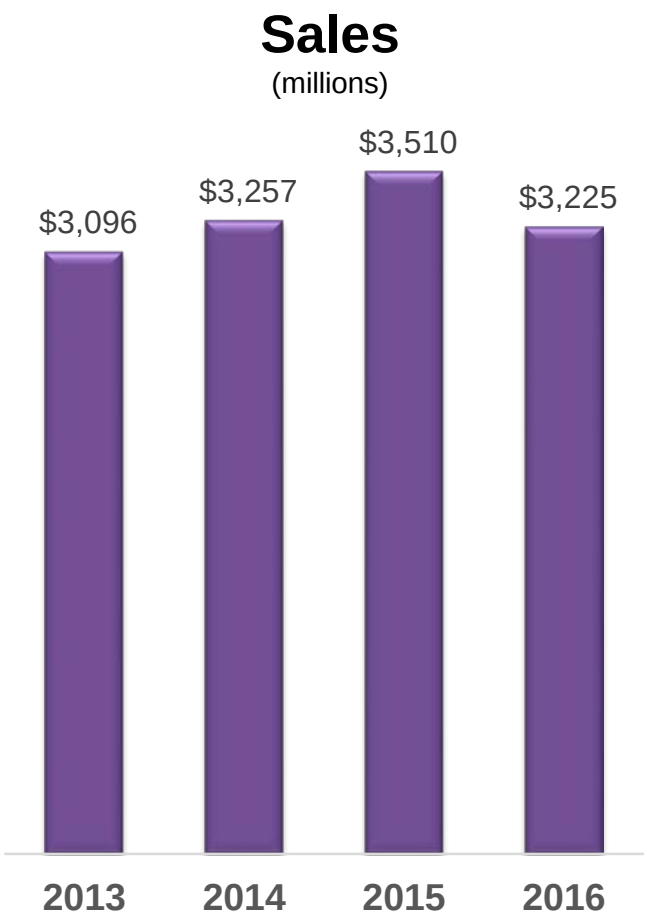
Financial History





Expecting Organic Sales Growth and Earnings Growth in 2017

* Non-GAAP Financial Measurement, See Appendix for Reconciliation

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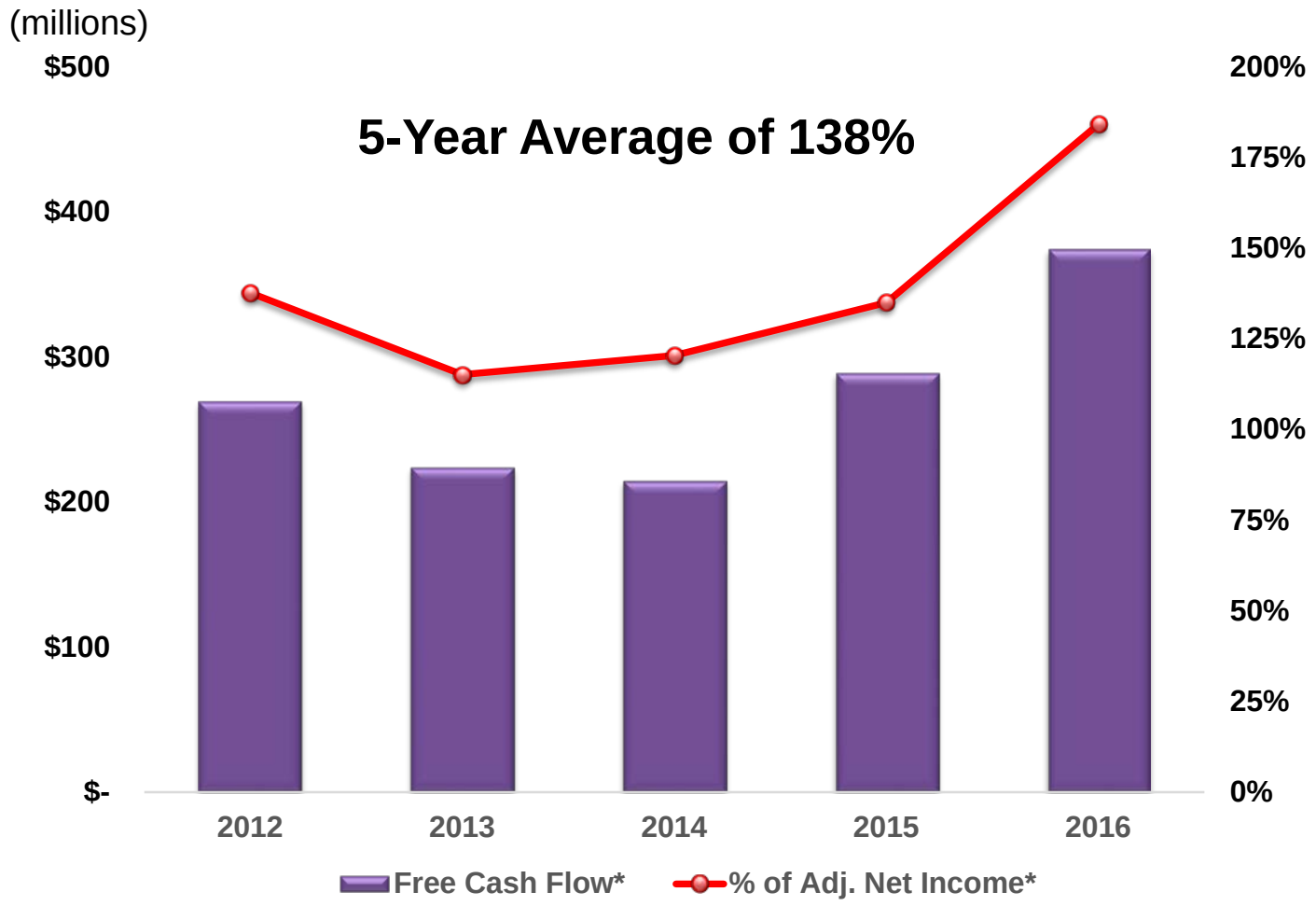
Consistently Generating Cash



Expecting Free Cash Flow % of Net Income of 100% - 125% in 2017-2019

* Non-GAAP Financial Measurement, See Appendix for Reconciliation

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Cash Repatriation

- Regal had $285 Million of Cash at Year End 2016
  - $280 Million of Cash Outside of U.S.

- In 2017, Regal will Repatriate ~ $150 Million of Cash to U.S.
  - Not Related to Current Tax Reforms Under Review
  - Executing Tax Planning Initiatives with Minimal Tax Cost
  - Available for Debt Reduction and Opportunistic Share Repurchases

- Current Share Repurchase Authorization of 2.3 Million Shares

Significant Increase in Available Cash to Reduce Debt and Repurchase Shares

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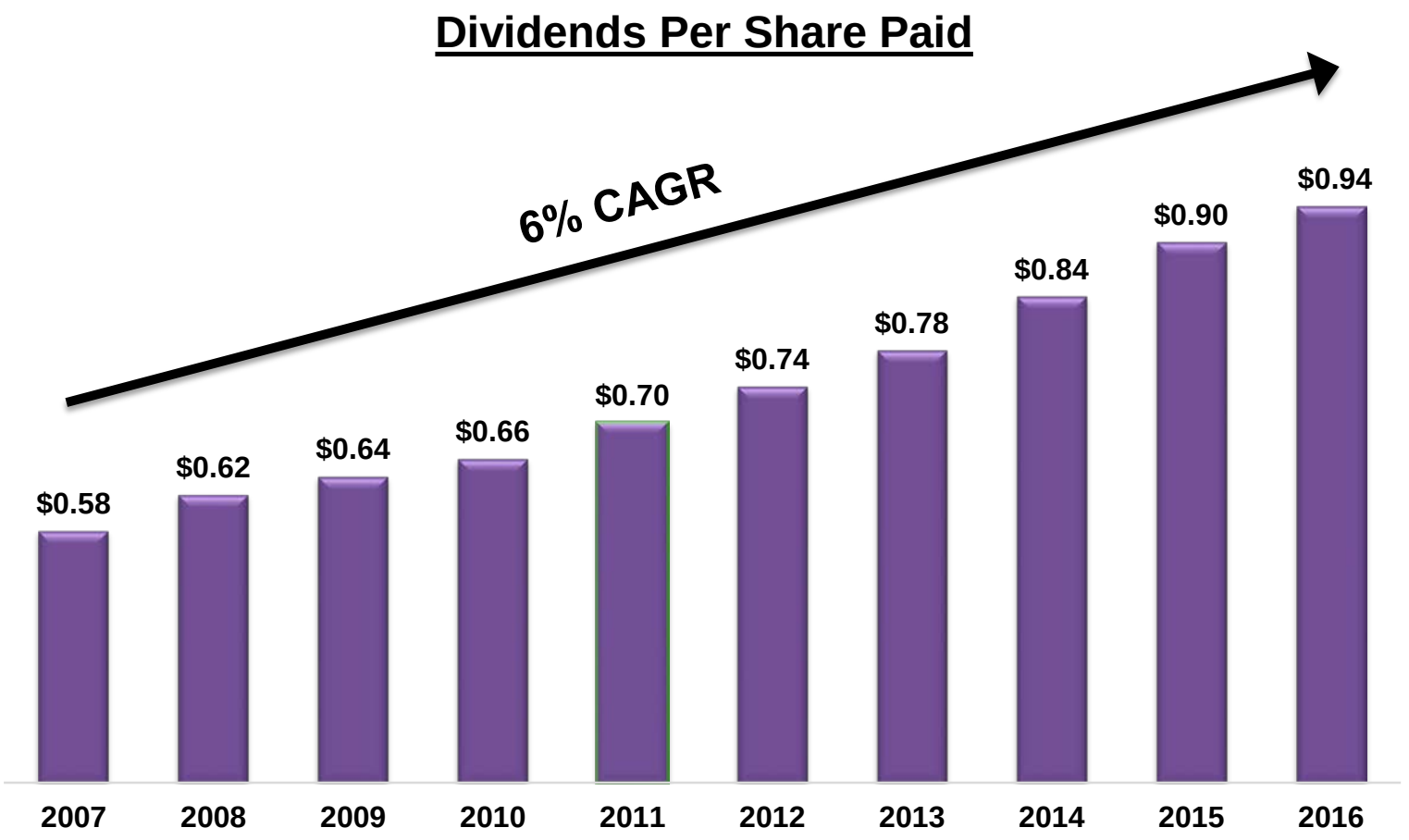
Returning Cash to Shareholders



Consistent Increase in Cash Dividends to Shareholders

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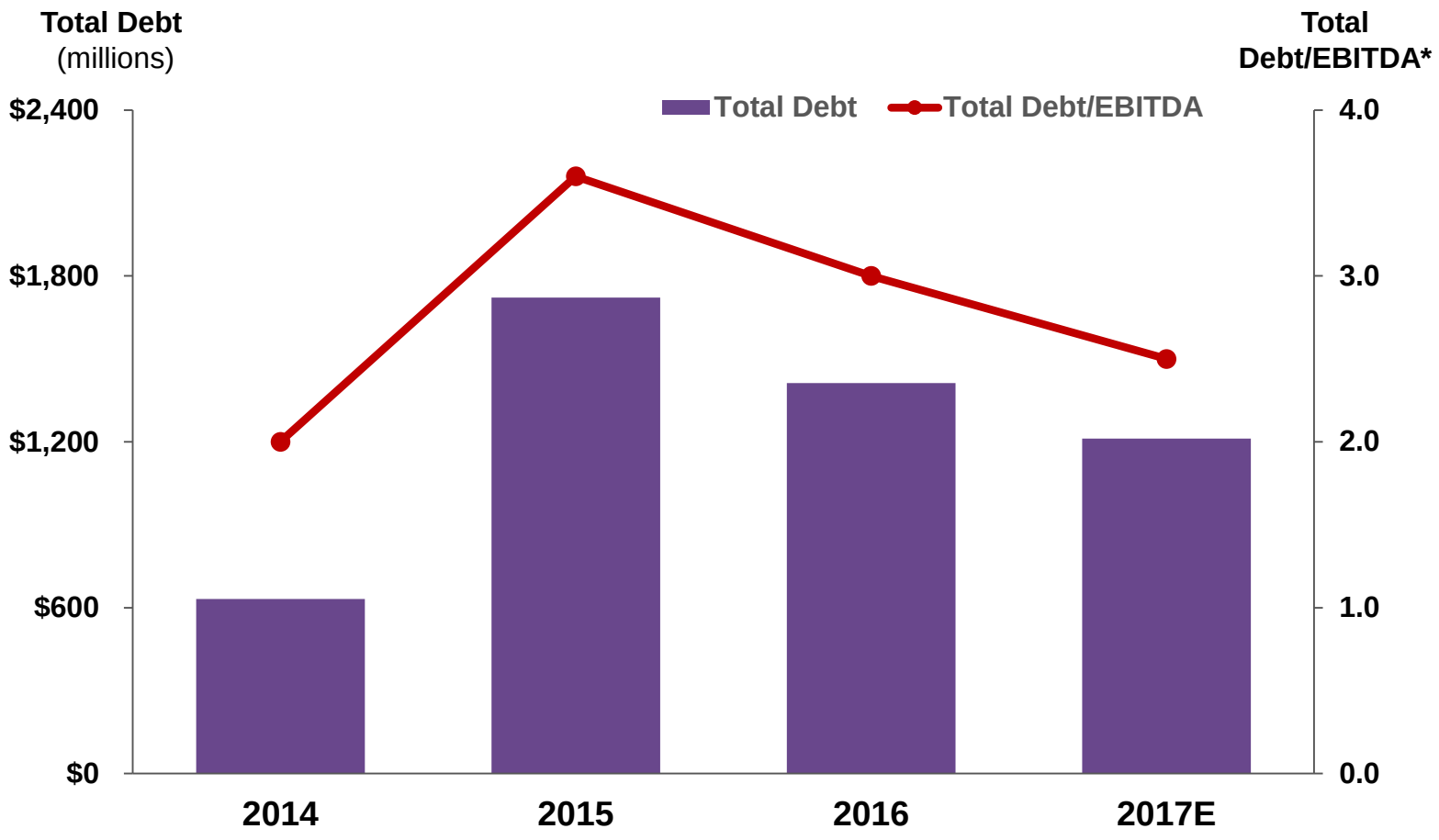
Debt and Leverage Ratio



Strong Balance Sheet to Deploy Capital

* Non-GAAP Financial Measurement, See Appendix for Reconciliation

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Capital Allocation Priorities

Balance Sheet Targets

- Debt/EBITDA* Ratio: 1.5 – 3.5
- Capital Expenditures: 2.5% – 3.0% of Sales
- Cash Dividends: 20% – 24% Payout Ratio

Acquisitions

Targeted Transactions to Strengthen the Core and Drive Shareholder Value

Share Repurchase

Opportunistically Repurchase Shares while Maintaining Financial Flexibility

Disciplined Approach to Drive Long-Term Shareholder Value

* Non-GAAP Financial Measurement, See Appendix for Reconciliation

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Affirming 2017 Guidance

- 2017 Organic Sales Growth
- Improved Adjusted Operating Margin
- FY 2017 GAAP EPS Guidance of $4.35 to $4.75
- FY 2017 Adjusted EPS* Guidance of $4.50 to $4.90

Affirming 2017 Guidance of Sales and Earnings Growth

* Non-GAAP Financial Measurement, See Appendix for Reconciliation

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Organic Growth & Simplification

Regal Beloit Corporation Investor Day 2017

March 10, 2017

Jon Schlemmer
Chief Operating Officer

John Avampato
Vice President and Chief Information Officer

Rob Chesser
Vice President Manufacturing

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Agenda

- Organic Growth
  - Performance Excellence
  - Innovation
  - Commercial Excellence
  - Digital Customer Experience
- Simplification
  - Progress to Date
  - Next Steps
- Summary and Key Takeaways

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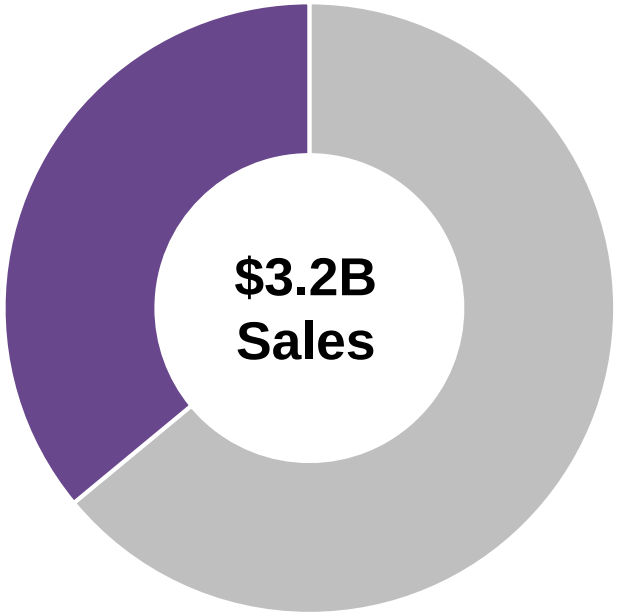
Organic Growth



36% Distribution

- Commercial Excellence
- Digital Customer Experience

64% OEM

- Performance Excellence
- Innovation

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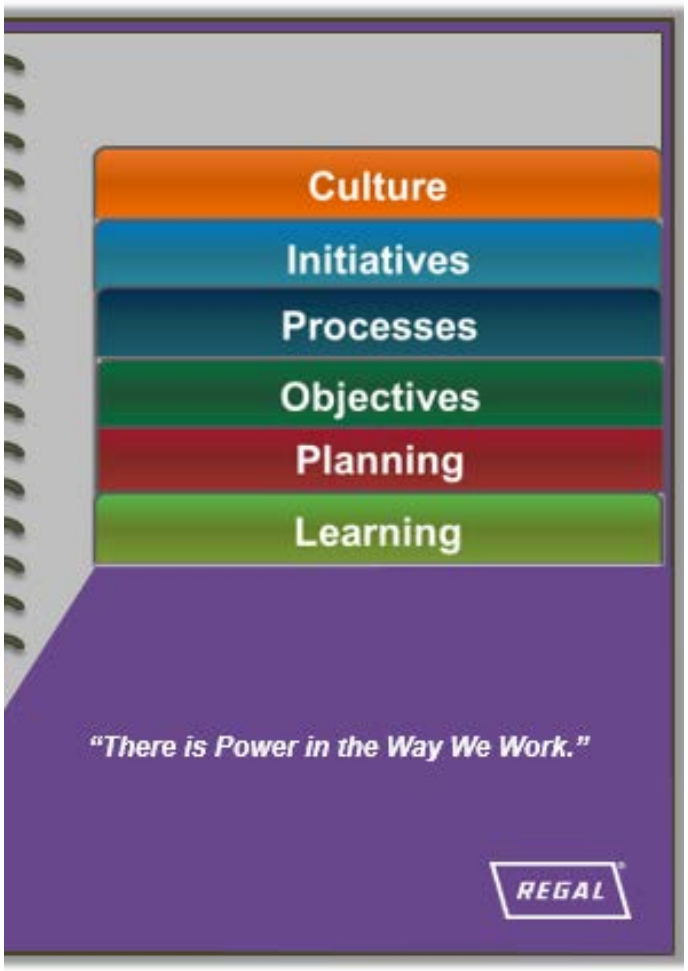
Performance Excellence



Performance Excellence

The Underlying Framework that Drives Our Operations to Continuously Improve

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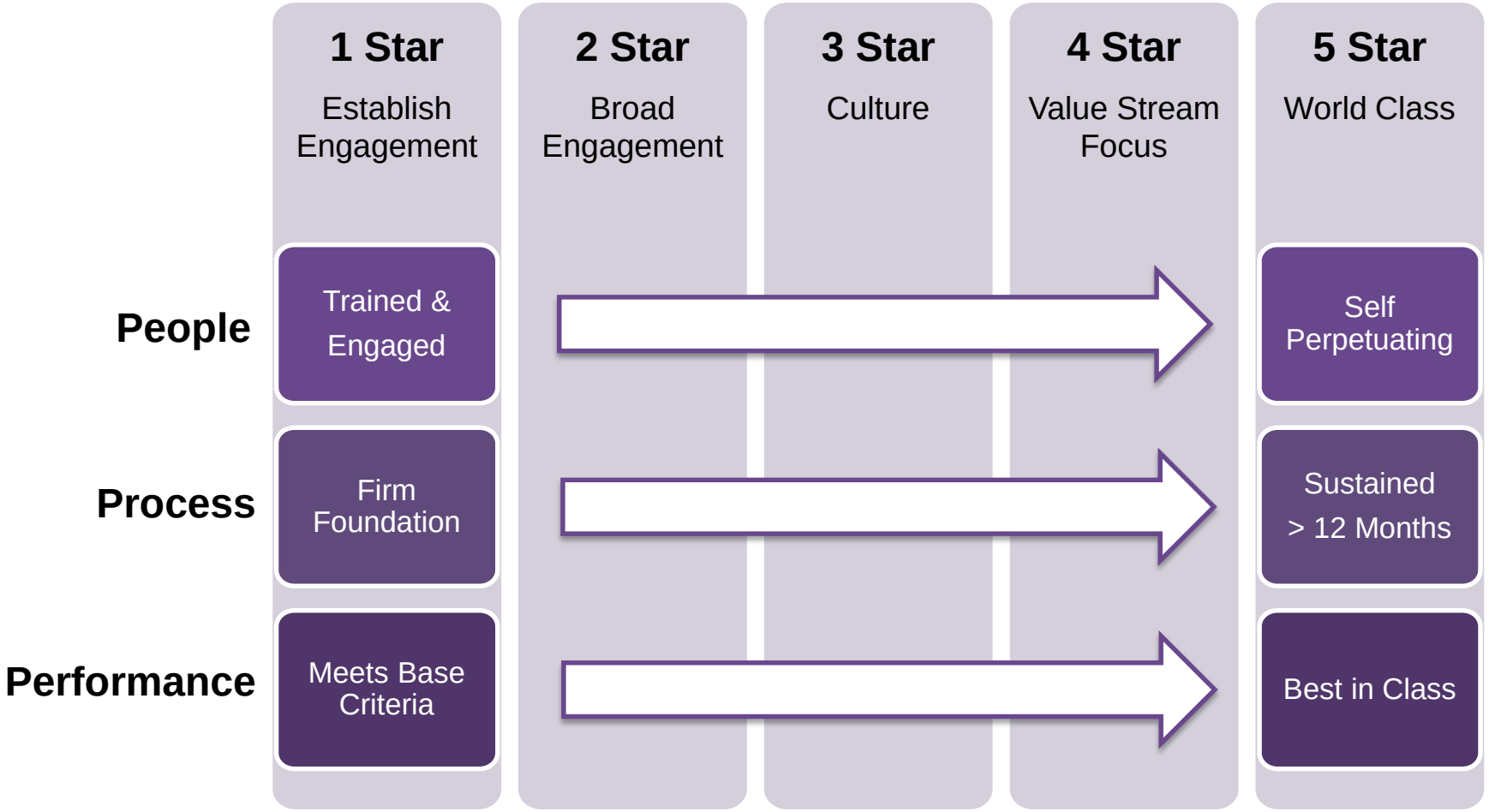
Performance Excellence



Performance Excellence Creates a Competitive Advantage

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Growth through Performance Excellence



Teams Competing to Achieve Customer Performance Metrics

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Performance Excellence – Keys to Success



Engaged High Energy Teams

5S

Visual Factory

Capable Processes



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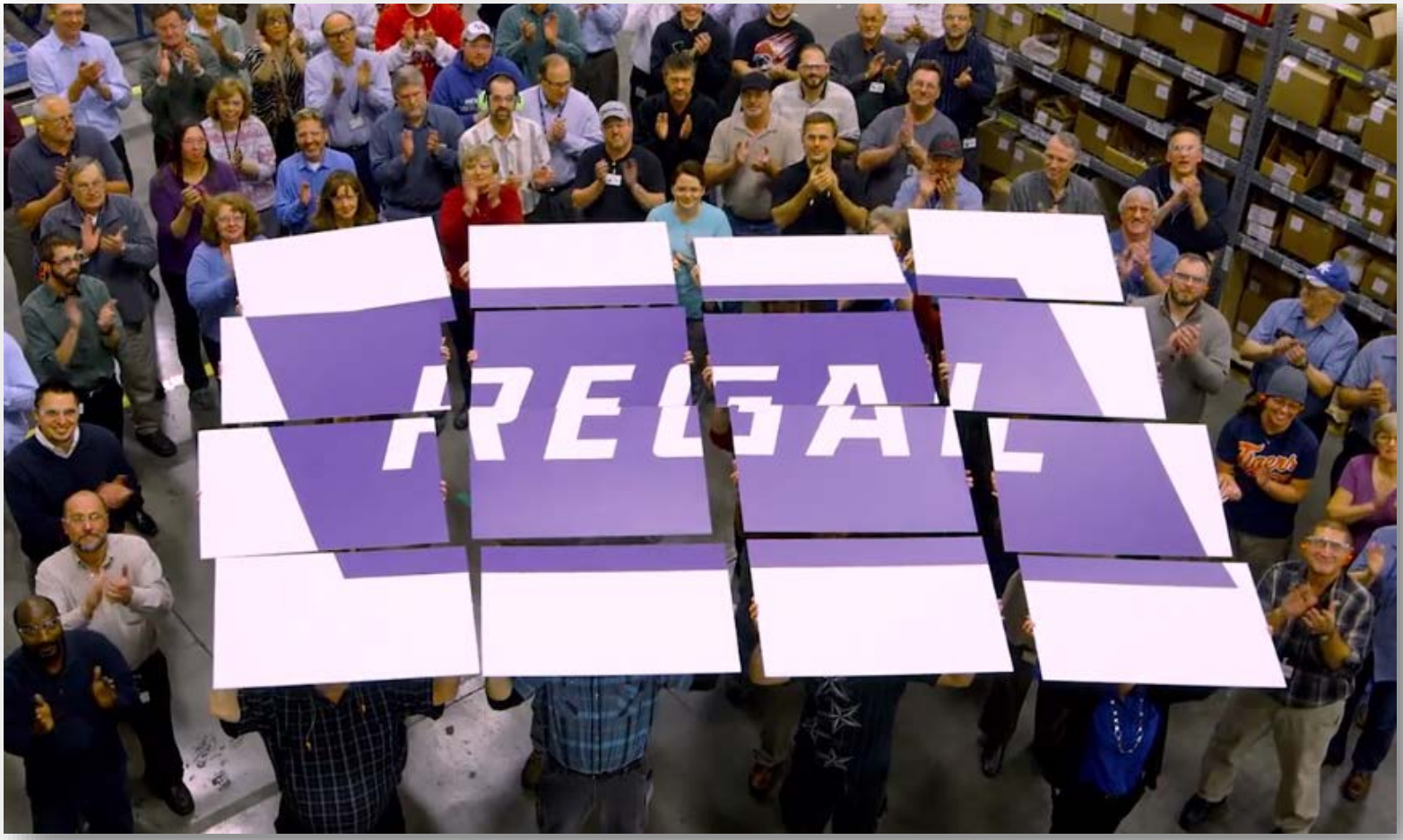
Employee Engagement Video



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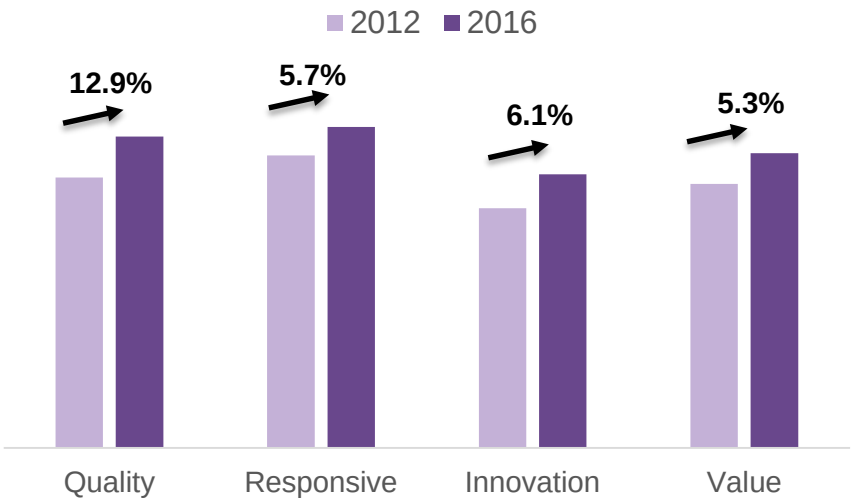
Customer Feedback

2016 Customer Survey

- Nearly 4,000 Responses
- Achieved Highest Net Promoter Score



Customer Awards

Ingersoll Rand



Johnson Controls



Independent Distributors Network



Continuous Improvement

Customers Recognizing the Improvement

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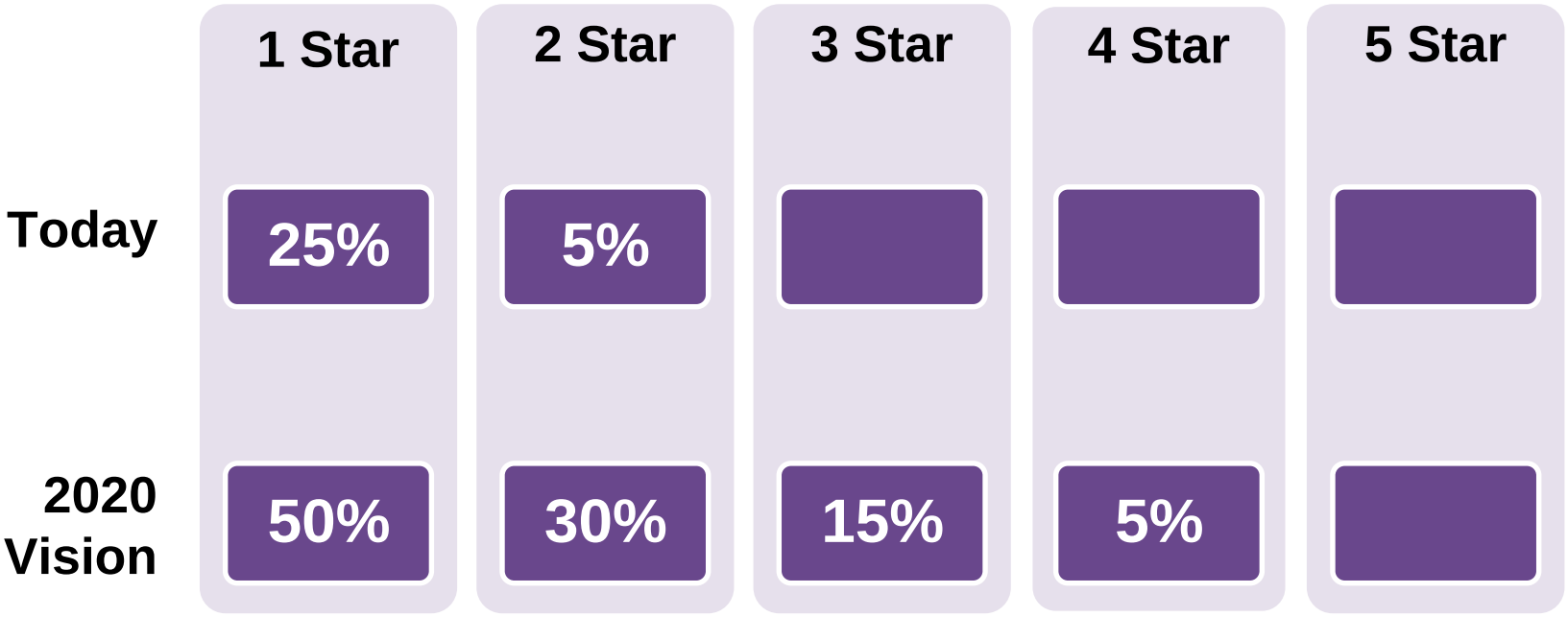
Performance Excellence Journey



Performance Excellence Will Create a Competitive Advantage

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Organic Growth – Innovation

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Efficiency Requirements Increasing

Comm. Ref. Equipment



Commercial HVAC



Fan Energy Rating (FER)



2017 2018 2019 2020

IE3 Efficiency Industrial Motors



Walk in Coolers & Freezers



Multi-Year Trend Favors High Efficiency Suppliers

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Full Range of FER Solutions

DEC Star®
Highest Efficiency Solution



ECM 3.0+
High Efficiency Motor



Ensite™
ECM Motor



Efficiency and Features

Customer Benefits

- Full Range of Solutions
- Highest Motor Efficiency with Proven Reliability
- Premium Solution for Most Difficult Applications

Regal Benefits

- Full Customer Engagement
- Est $40-$60 Million Incremental Sales by 2020

Best FER Solution Set

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UlteMAX™

Standard Industrial Motor



UlteMAX™ Motor & Control



Customer Benefits

- Compact Form Factor
- 50% – 75% Lower Weight
- Higher Efficiency

Regal Benefits

- Significant Customer Interest
- Sales Begin in 2017
- Est $70 Million Sales Over the Next 7 Years

UlteMAX™ Delivers Differentiated Solution in C&I

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Axial Technology Creating New Opportunities

Axial Draft Inducer



Axial Gas Pre-Mix



DEC Star® HVAC Solution



UlteMAX™ Motor & Control



2011 2013 2015 2017

Growth Opportunities in Both Existing and New Markets for Regal

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Well Positioned for Internet of Things

Residential

Water Heaters





HVAC





Swimming Pools



Commercial

Commercial HVAC





Commercial Refrigeration





Industrial



Manufacturing



Industry Leading Position of Small Motors with Integrated Electronics

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Innovation Summary

- Energy Efficiency Regulations Favor High Efficiency Suppliers
- Axial Differentiating Regal with Disruptive Technology
- Regal's High Efficiency Products Well Positioned for the Internet of Things







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Organic Growth – Commercial Excellence

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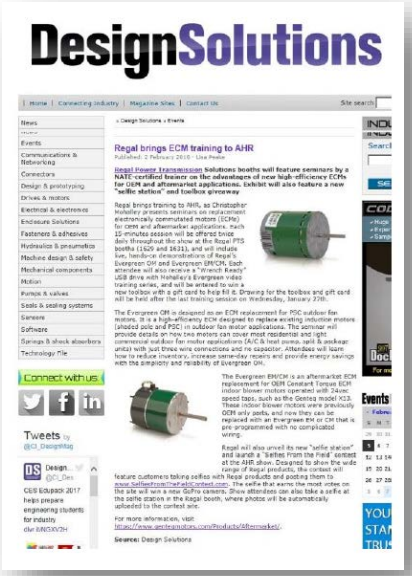
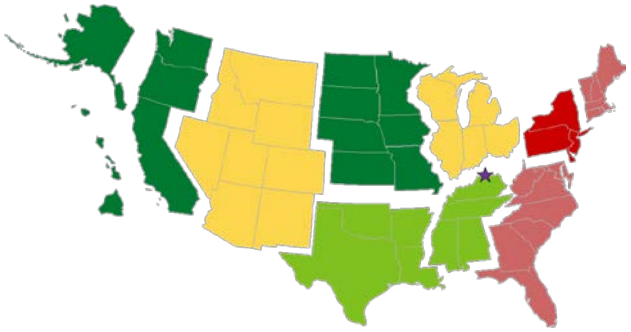
Investing in Commercial Excellence

New Products



- Aftermarket Solutions
- Product Promotions
- Contractor Training

Sales Coverage & Talent

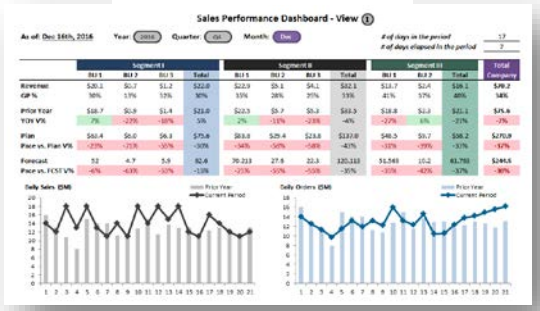




- Increasing Coverage
- Adding Sales Talent
- Compensation Program

Tools & Training





- Sales & Pricing Tools
- Expanding CRM
- Sales Training

Significant Focus on Growth in the Distribution Segment

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Organic Growth – Digital Customer Experience

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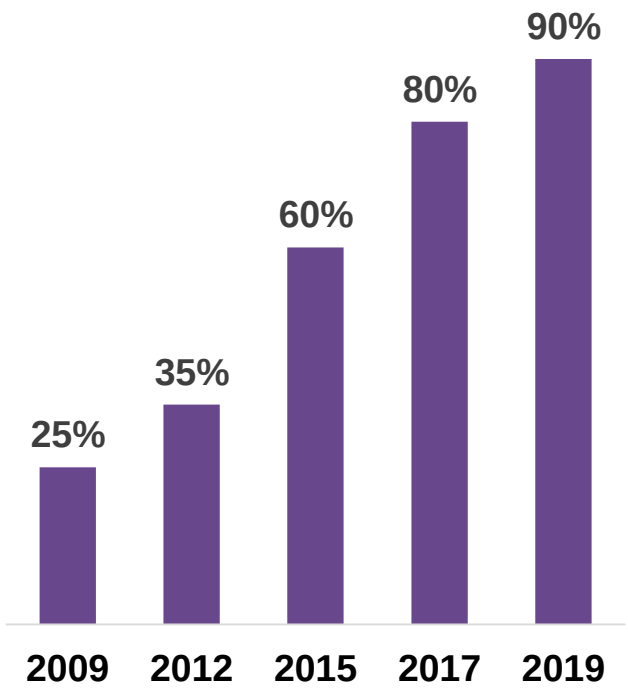
Simplification of Our IT Systems

ERP Consolidation

% Sales on Standard ERP



Benefits

Customer

- One PO, One Shipment
- Product Configurator
- Higher Stock Availability
- Digital Customer Experience

Regal

- Accelerates Simplification
- Sharing Best Practices
- Advanced Data Analytics
- Lower Costs

IT Platform Has Been Simplified…Shift to Growth!

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Digital is Transforming the Buying Process



60%

Percentage of digital order lines at one of our key customers



20 % pts

Up from just two years ago



Search-To-Cart%

A measurement of success in eCommerce

- Human interactions shift to online searches and digital transactions
- B2B buyers demand the same online experience they see in the B2C world
- Rich content gives buyers the answers they need
- Our top industrial distribution customers are focused on digital

Industrial eCommerce Expected to Grow Rapidly

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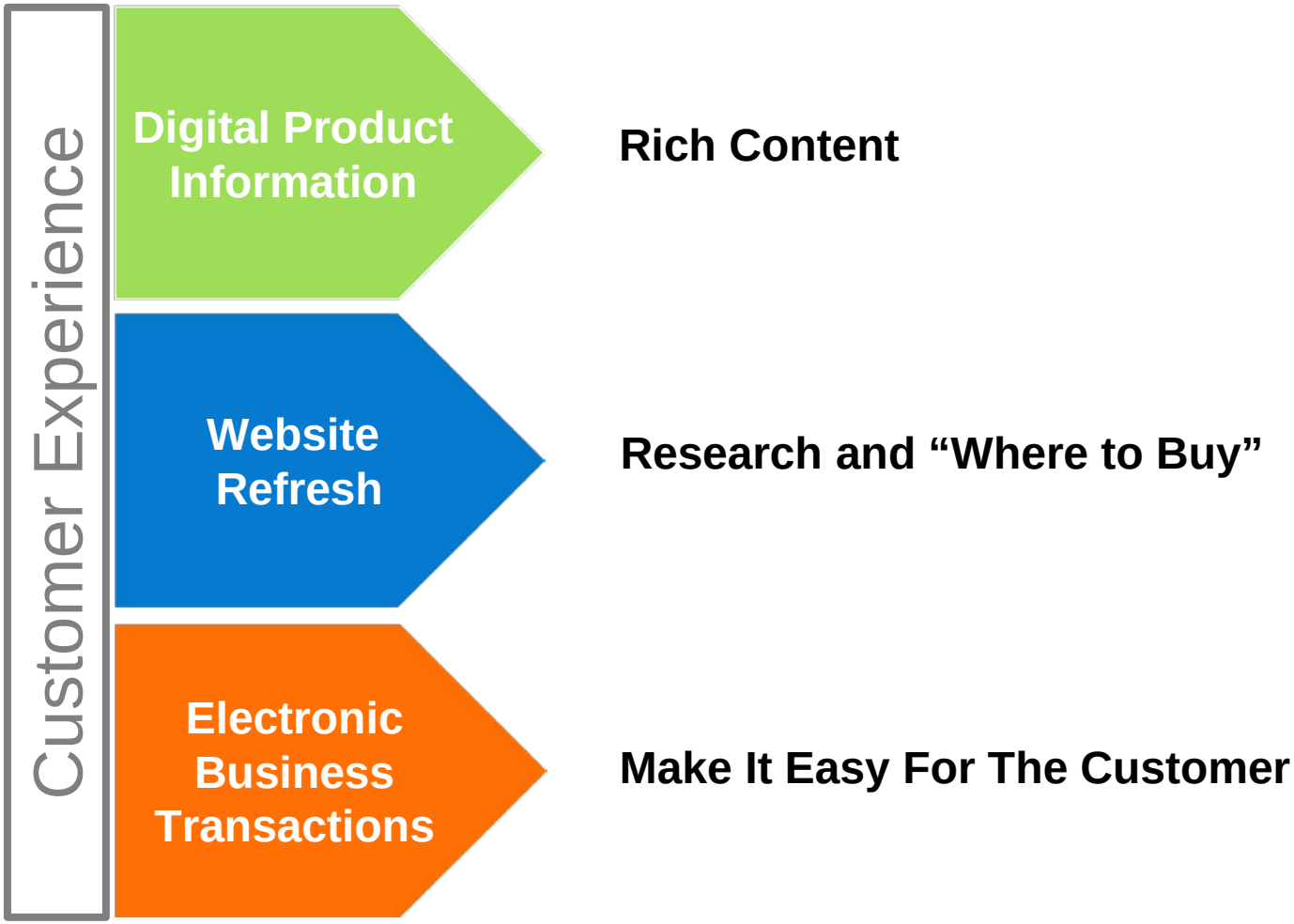
Regal Digital Customer Experience



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Digital Product Information

High-Resolution 360° Product Images

- Digitizing Product Catalog for all Brands Across Regal
- Digital Asset Management

  - Images, Graphics, Videos

- On Demand Syndication to Our Customers



Delivering Rich Product Content to Our Customers

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Website Refresh

Where To Buy function takes the user directly to our customers' website!

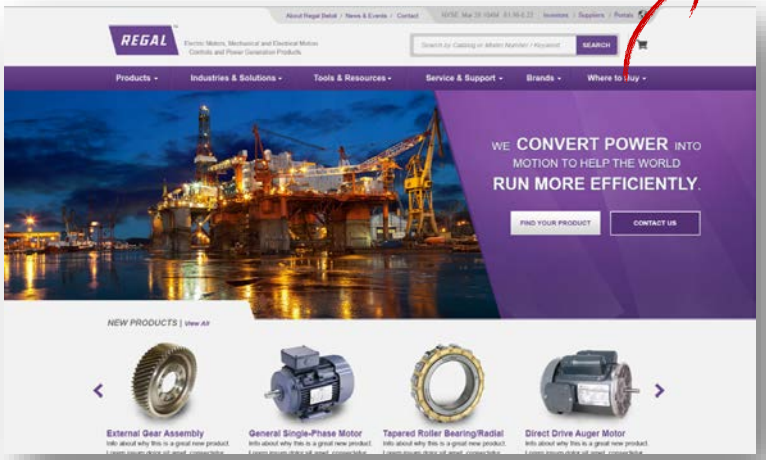
DIGITAL CONTENT



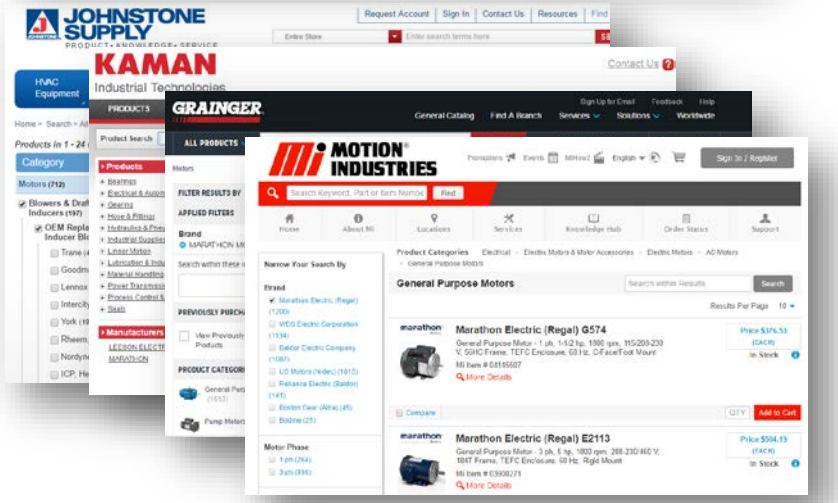
Features & Specifications:

Mounting:	Two-Bolt Base
Bore Diameter:	1 inch
Bore Type:	Round
Duty Type:	Light Duty
Housing Material:	Cast Iron
Locking Device:	Eccentric Collar
Seal Type:	Contact/Lip
Overall Dimension:	4x2.22x1.22 inch

Regal Website



Customer Websites



Discovery > Research > Comparison > Selection > Purchase

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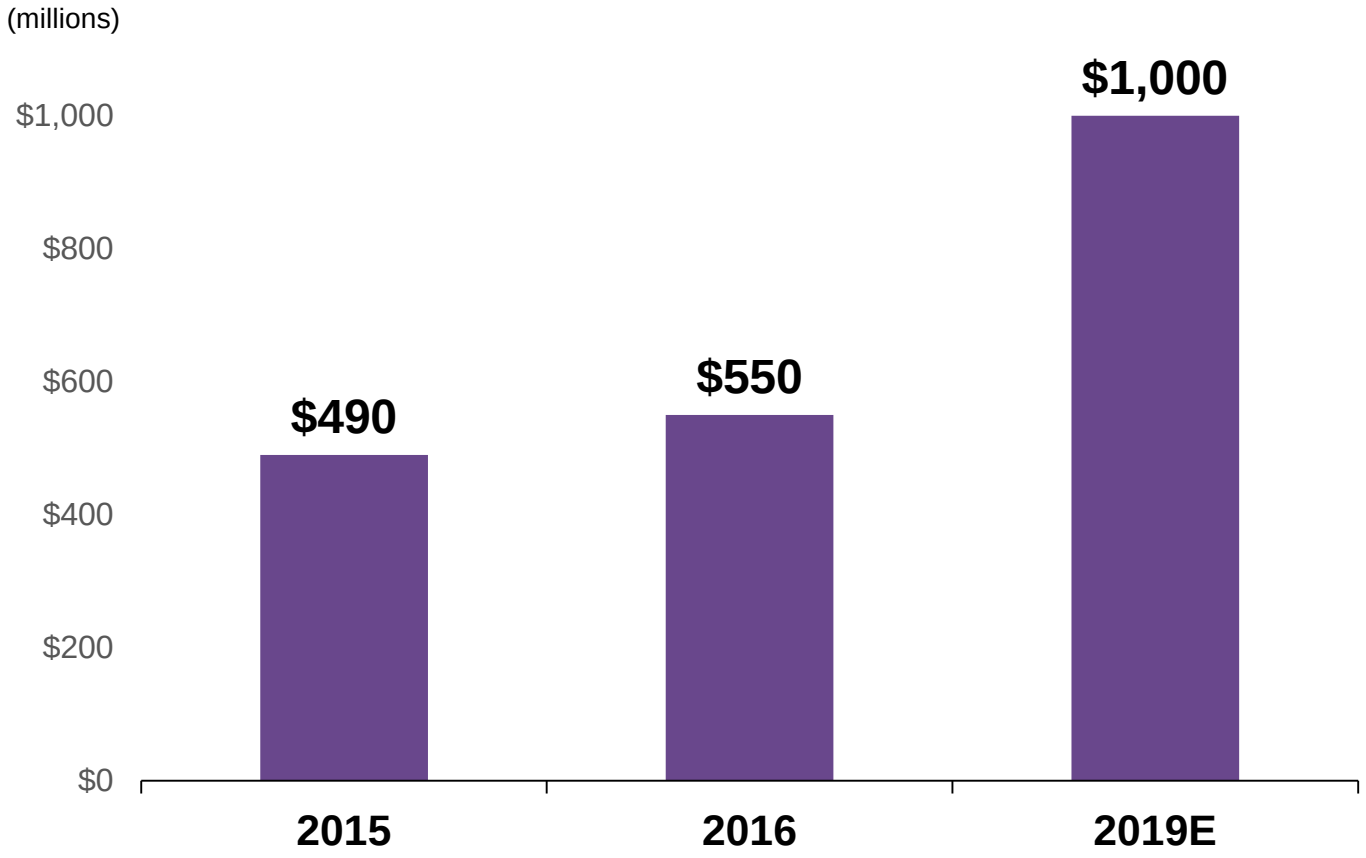
Electronic Business Transactions



Make It Easy For The Customer

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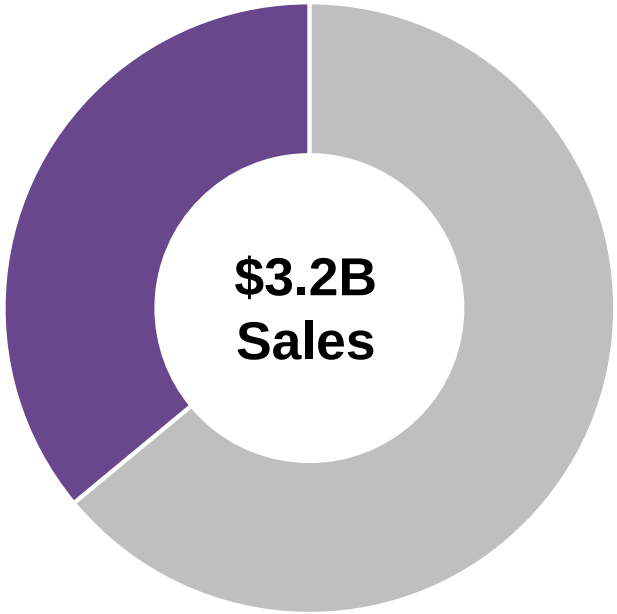
Organic Growth



36% Distribution

- Commercial Excellence
- Digital Customer Experience

64% OEM

- Performance Excellence
- Innovation

Strategies and Actions to Drive 2%-4% Organic Growth CAGR

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Simplification Update and Next Steps

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Simplification Initiative

Completed thru 2016		Planned for 2017-2019
75% of Sales on One ERP	**ERPs**	90% of Sales on One ERP
1,845,000 Sq-Ft Reduced 15% Reduction	**Manufacturing Footprint**	Another 1,100,000 Sq-Ft Cumulative 25% Reduction
4 Major Design Platforms Consolidated	**Design Platforms**	1 Additional Design Platform to be Consolidated
~1,400 Suppliers Consolidated	**Suppliers**	~500 More Suppliers to Consolidate

Reducing Our Costs and Making it Easy for the Customer

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Platform Simplification Enables Innovation



Worm Gears



Industrial Motors



48 Frame HVAC



3.3” HVACR



56 Frame C&I **2017**

- Fewer Platforms Reduce Engineering Support
- Freeing Up Engineering Capacity as Simplification Efforts Ramp Down
- Doubling Down on New Product Programs

Freeing Up Engineering Capacity to Accelerate Innovation

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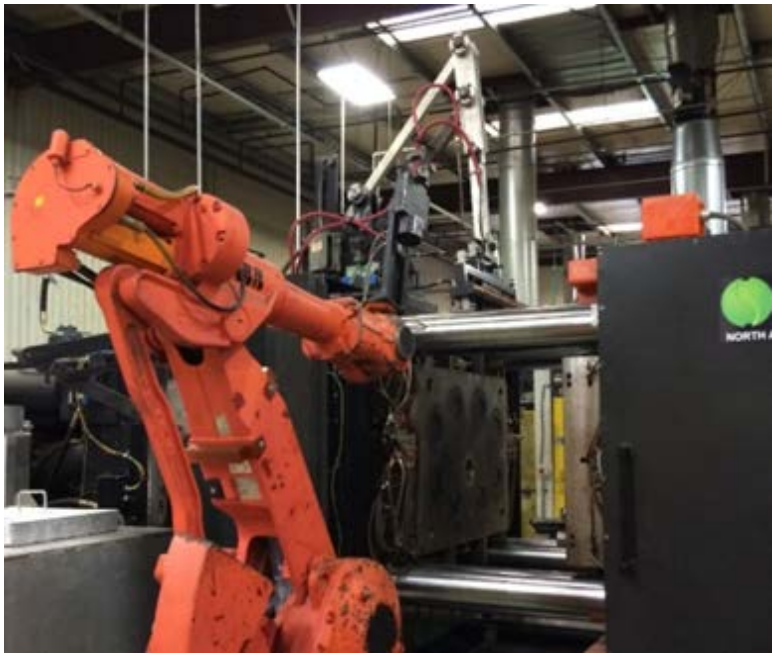
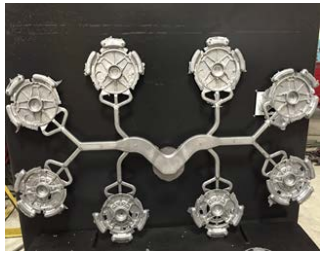
Automation – Material Movement











Simple Automation Increases Safety and Efficiency

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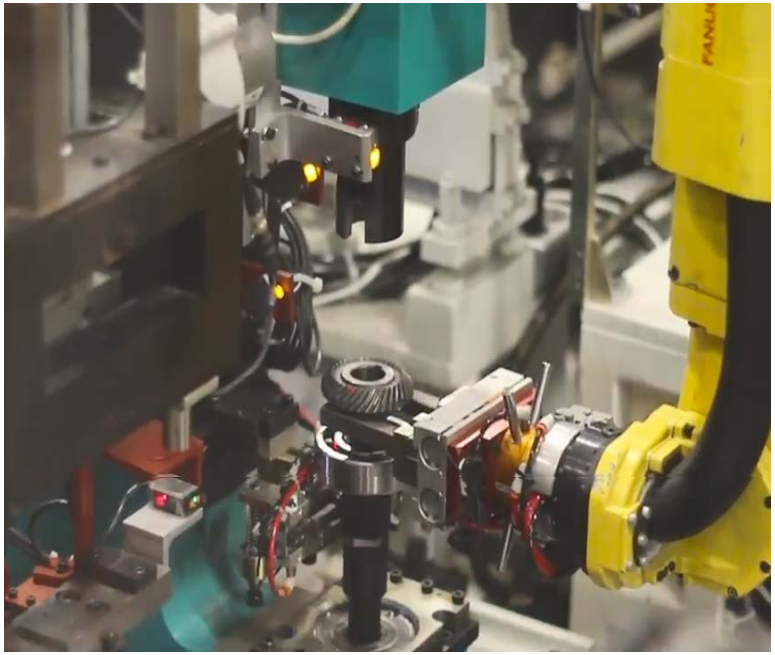
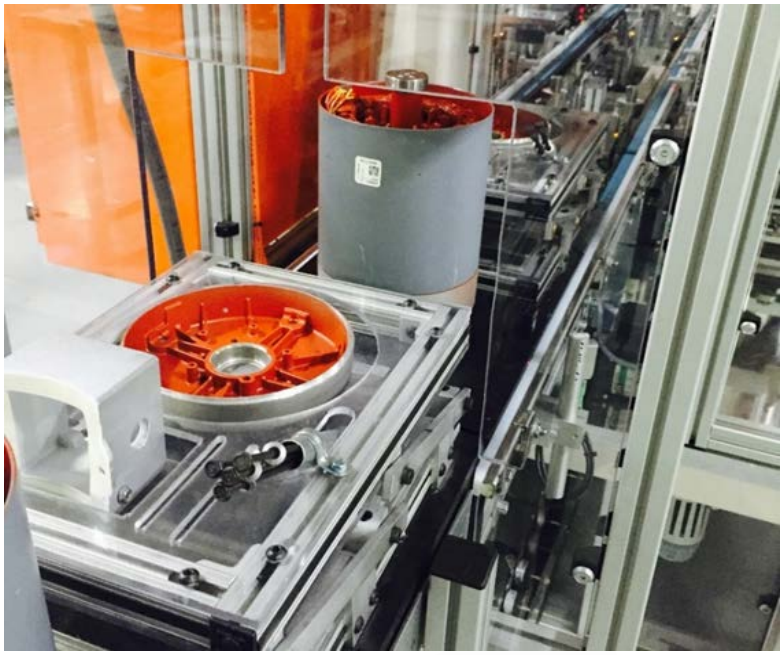
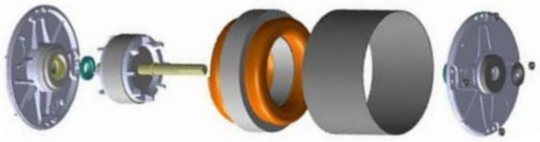
Automation – Component Assembly









Complex Automation Enabled by Simplification Efforts

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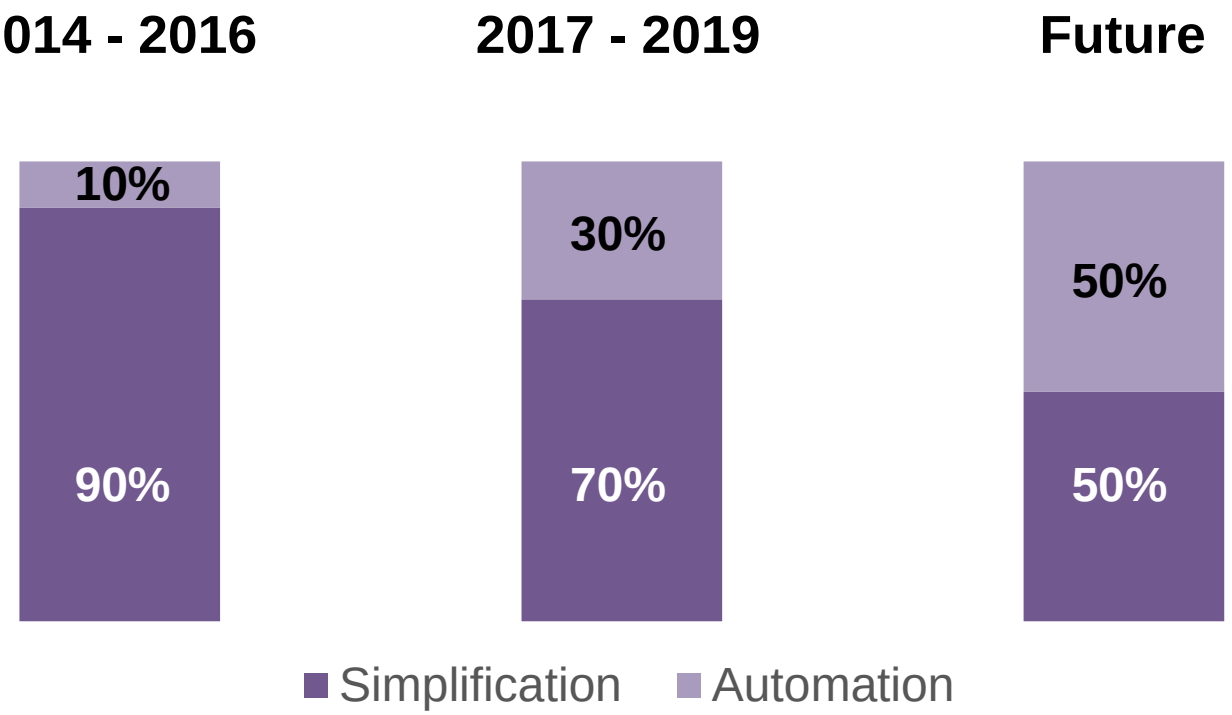
Simplification to Automation



	2014 - 2016	2017 - 2019	Future
Annual Margin Improvement	~35 bps	30-40 bps	30-40 bps

Simplification and Automation Continue to Deliver Margin Improvement

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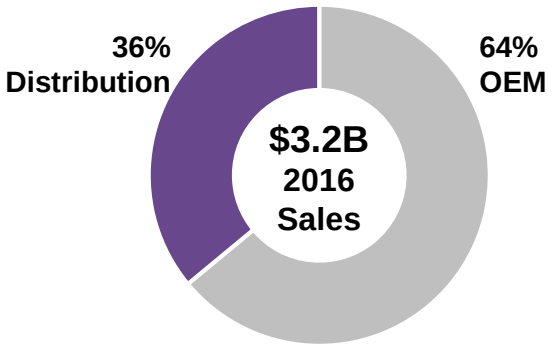
Summary and Key Takeaways

Organic Sales Growth*

2% – 4% CAGR

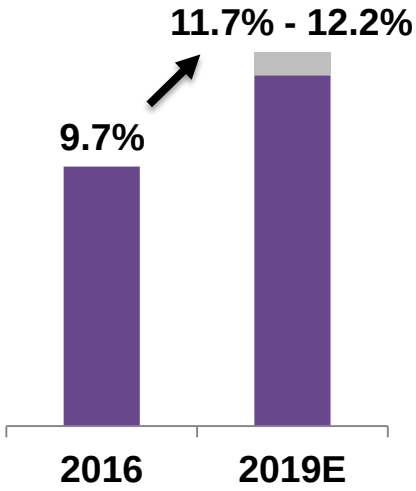


Organic Growth Initiatives

- Performance Excellence
- Innovation
- Commercial Excellence
- Digital Customer Experience

Adj. Operating Margins*

200 – 250 BPS



Margin Improvement Efforts

- Organic Growth Drives ~50% of the Improvement
- Simplification and Automation Deliver ~50% of the Improvement

Strategy and Actions in Place to Drive Growth and Margin Improvement

* Non-GAAP Financial Measurement, See Appendix for Reconciliation

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Q & A

We create a better tomorrow by efficiently converting power into motion.

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Agenda

8:35-9:05 **Enterprise Strategy** – Mark Gliebe, Chairman & CEO

9:05-9:20 **Financial Overview** – Chuck Hinrichs, VP & CFO

9:20-10:00 **Organic Growth & Simplification**

– Jon Schlemmer, COO
– John Avampato, CIO
– Rob Chesser, VP Manufacturing

10:00-10:30 **Q & A**

10:30-10:45 **Break**

10:45-12:15 **Segment Breakouts:**

C&I Systems – Mike Wickiser, Eric McGinnis, & Mike Logsdon

Climate Solutions – John Kunze & Paul Selking

Power Transmission Solutions – Jerry Morton & Dave Brick

12:15-1:00 **Lunch**

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Appendix Non-GAAP Reconciliations

ORGANIC GROWTH

(Dollars in Millions)	Fiscal 2016
Net Sales	$ 3,224.5
Net Sales from Businesses Acquired	(35.9)
Net Sales from Businesses Divested	11.6
Impact from Foreign Currency Exchange Rates	31.2
Adjusted Net Sales	$ 3,231.4
Net Sales Ended Jan 2, 2016	$ 3,509.7
Organic Growth %	(7.9)%
Net Sales Growth %	(8.1)%

RECONCILIATION OF 2017 ADJUSTED ANNUAL GUIDANCE	Minimum	Maximum
2017 Diluted EPS Annual Guidance	$ 4.35	$ 4.75
Restructuring and Related Costs	0.15	0.15
Gains on Disposals of Businesses	—	—
2017 Adjusted EPS Annual Guidance	$ 4.50	$ 4.90

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Appendix Non-GAAP Reconciliations

ADJUSTED OPERATING INCOME

(Dollars In Millions)	Fiscal 2016
GAAP Income from Operations	$ 320.6
Goodwill Impairment	-
Venezuelan Asset Write Down	-
Gain on Sale of Assets	(1.7)
Purchase Accounting and Transaction Costs	-
Restructuring and Related Costs	6.8
Venezuelan Currency Devaluation	-
Gain on Disposal of Real Estate	-
Gain on Disposal of Business	(11.6)
Adjusted Income from Operations	$ 314.1
GAAP Operating Margin %	9.9 %
Adjusted Operating Margin %	9.7 %

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Appendix Non-GAAP Reconciliations

EBIT AND EBITDA RECONCILIATION

(Dollars In Millions)	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017E
Income From Operations	$ 121.5	$ 252.8	$ 320.6	$ 322.0
Plus: Goodwill Impairment	119.5	79.9	-	-
Plus: Asset Impairment and Other Net,	40.0	-	-	-
Plus: Restructuring and Related Costs	13.2	8.9	6.8	9.0
Plus: Purchase Accounting and Transaction Costs	8.4	29.8	-	-
Plus: Venezuelan Asset Write Down	-	12.8	-	-
Plus: Venezuelan Currency Devaluation	10.4	1.5	-	-
Plus: Gain on the Sale of Realestate	(13.9)	(3.4)	-	-
Plus: Loss (Gain) on Disposal of Business	1.9	-	(13.3)	-
Plus: Loss on Divestiture Bankruptcy	6.3	-	-	-
Adjusted EBIT	$ 307.3	$ 382.3	$ 314.1	$ 331.0
Adjusted EBIT % of Net Sales	*9.4%*	*10.9%*	*9.7%*	
Plus: Depreciation	92	95.5	93.4	103.0
Plus: Amortization	46.7	63.9	62.0	55.3
Adjusted EBITDA	$ 446.0	$ 541.7	$ 469.5	$ 489.3
Adjusted EBITDA % of Net Sales	*13.7%*	*15.4%*	*14.6%*	
Total Debt	$ 632.0	$ 1,722.0	$ 1,412.0	$ 1,212.0
Total Debt / Adjusted EBITDA	1.4	3.2	3.0	2.5

E Management Estimate at Guidance Midpoint

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Appendix Non-GAAP Reconciliations

RETURN ON INVESTED CAPITAL (ROIC) RECONCILIATION

(Data in Millions)	Fiscal 2015	Fiscal 2016
Cash	$ (253)	$ (285)
Current Maturities of Long Term Debt	6	101
Long Term Debt	1,716	1,311
Total Net Debt	$ 1,469	$ 1,127
Total Regal Beloit Corporation Shareholders' Equity	1,937	2,039
Noncontrolling Interests	46	39
Total Equity	$ 1,983	$ 2,078
Total Ending Invested Capital	$ 3,452	$ 3,205
Average Total Invested Capital		$ 3,329
Adjusted Operating Profit*		314
Less Income Tax Provision @ 23%		23.0%
Adjusted NOPAT		$ 242
Return on Invested Capital		**7.3%**

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

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Appendix Non-GAAP Reconciliations

(Dollars in Millions)	Twelve Months Ended				
FREE CASH FLOW	Dec 29, 2012	Dec 28, 2013	Jan 3, 2015	Jan 2, 2016	Dec 31, 2016
Net Cash Provided by Operating Activities	$ 351.7	$ 305.0	$ 298.2	$ 381.1	$ 439.6
Additions to Property Plant and Equipment	(91.0)	(82.7)	(83.6)	(92.2)	(65.2)
Grants Received for Capital Expenditures	8.7	1.6	-		-
Free Cash Flow	$ 269.4	$ 223.9	$ 214.6	$ 288.9	$ 374.4

(Dollars in Millions)	Twelve Months Ended				
ADJUSTED NET INCOME	Dec 29, 2012	Dec 28, 2013	Jan 3, 2015	Jan 2, 2016	Dec 31, 2016
GAAP Net Income (Loss) Attributable to Regal Beloit Corporation	$ 195.6	$ 120.0	$ 31.0	$ 143.3	$ 203.4
Goodwill and Asset Impairments and Other, Net	-	81.0	159.5	92.7	-
Tax Effect from Goodwill and Asset Impairments and Other, Net	-	(6.4)	(12.3)	(21.8)	-
Adjusted Net Income	$ 195.6	$ 194.6	$ 178.2	$ 214.2	$ 203.4
Free Cash Flow as a Percentage of Adjusted Net Income Attributable to Regal Beloit Corporation	137.7%	115.1%	120.4%	134.9%	184.1%
Five Year Average Free Cash Flow to Adjusted Net Income					138.4%

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Appendix Non-GAAP Reconciliations

RECONCILIATION OF ADJUSTED NET INCOME

(Dollars in Millions)	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Net Income Attributable to Regal Beloit Corporation	$ 120.0	$ 31.0	$ 143.3	$ 203.4
Goodwill Impairment		117.2	58.1	
Asset Impairment and Other, Net	74.6	30.2		
Venezuelan Asset Write Down			12.8	
Restructuring and Related Costs	4.0	8.2	5.6	4.4
Loss on Divestiture Bankruptcy		4.1		
Gain on Disposal of Real Estate		(10.4)	(2.1)	
Purchase Accounting and Transaction Costs	1.1	6.3	21.5	
Venezuelan Currency Devaluation		6.8	0.9	
Loss (Gain) on Disposal of Business		1.8		(8.1)
Tax Benefit Attributable to Prior Year	(1.8)			
Adjusted Net Income	$ 197.9	$ 195.2	$ 240.1	$ 199.7

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