Regal Investor Day 2020

March 3, 2020

CREATING A BETTER TOMORROW™…

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AGENDA

8:30 – 8:35	Welcome & Introductions	Rob Cherry, VP IR
8:35 – 9:10	Strategic Overview	Louis Pinkham, CEO
9:10 – 9:35	Financial Overview	Rob Rehard, CFO
9:35 – 10:05	Power Transmission Solutions	Jerry Morton, President
10:05 – 10:20	Break	
10:20 – 10:50	Commercial Systems	Scott Brown, President
10:50 – 11:15	Industrial Systems	Eric McGinnis, President
11:15 – 11:45	Climate Solutions	John Kunze, President
11:45 – 12:00	Summary and Q&A	

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CAUTIONARY 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, including risks associated with public health crises; issues and costs arising from the integration of acquired companies and businesses and the timing and impact of purchase accounting adjustments; effects on earnings of any significant impairment of goodwill or intangible assets; 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; our overall debt levels and our ability to repay principal and interest on our outstanding debt; changes in the method of determining and/or the replacement of LIBOR; 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; 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.

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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. 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 operating leverage, 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. 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 adjusted operating leverage 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 any sales from acquired businesses recorded prior to the first anniversary of the acquisition ("net sales from business acquired") and excluding any 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.

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WHY INVEST IN REGAL

- Growth From Energy Efficiency, Electrification and Digital Connectivity
- Leading Brands, Installed Base, and Differentiated Technology
- Global Manufacturing Footprint Enables Efficiency and Flexibility
- 80/20 Driving Margin Enhancement on Our Road to 300 in 3
- Strong Free Cash Flow Combined with Balanced Capital Allocation
- Sustainability is Fundamental to Both Our Products and Our Operations

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REGAL HISTORY

REGAL-BELOIT corporation

REGAL-BELOIT CORPORATION

REGAL BELOIT

REGAL

Operating Since 1955 and Ready for the Next 65 Years

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REGAL OVERVIEW

	% of Sales	Products	Brands
Climate Solutions	30%	• Fractional HP Motors • Small Fans and Blowers	genteq, FASCO, ELCO
Commercial Systems	28%	• Fractional to 5 HP Motors • Fans and Blowers • Hermetic Motors 5 to 3,000 HP	marathon, LEESON, Century, NICOTRA Gebhardt
Power Transmission Solutions	24%	• Mounted and Unmounted Bearings • Drives, Gearboxes and Gearing Sets • High Performance Couplings • Conveying Products and Components	GROVE GEAR, JAURE, KOP-FLEX, Browning, SEALMASTER, McGILL, SYSTEM PLAST
Industrial Systems	18%	• Motors from 3 to 12,000 HP • Alternators from 5 to 4,000 Kilowatts • Automatic Transfer Switches & Paralleling Switchgear	THOMSON POWER SYSTEMS, marathon, rotor nl, cemp Flameproof Motors

Incredibly Strong Brands with a Wealth of History

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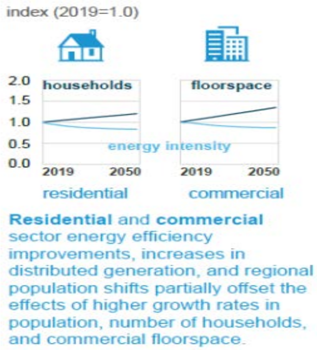
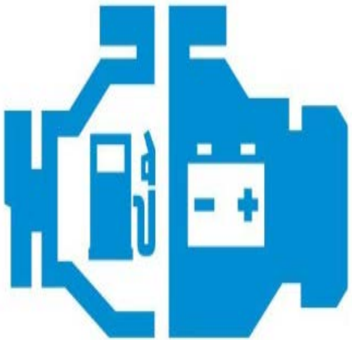
INDUSTRY TRENDS DRIVING GROWTH

Energy Efficiency	Regulations	Electrification	Connectivity





Energy Efficiency

- Sustainability Focus in Both Residential & Commercial
- Continuing Shift from Constant Torque to Variable Speed Electric Motors

Regulations

- U.S. DOE Pool Pump 2021
- Euro Eco Design 2022
- U.S. SEER +1 2023

Electrification

- Emissions Under Scrutiny in Response to Climate Change
- Gas and Diesel Engine Applications Converting to Electric Motors

Connectivity

- Digital Tools Expected in Industrial Space
- Growing Demand for Monitoring, Diagnostics, & Predictive Maintenance

Source: Sector Energy Efficiency U.S. DOE

Technology Leader Well-Positioned To Capitalize on Global Trends

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REGAL CORE STRENGTHS

Differentiated Technology

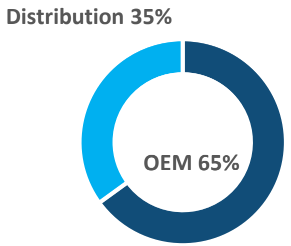
Global and Flexible Footprint

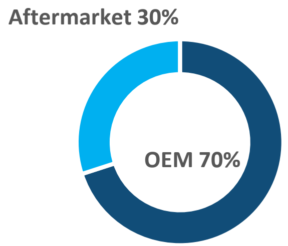
28 Engineering Centers

62 Manufacturing Facilities

33 Service Centers

OEM & Distribution Access





- Strong Brand Recognition, Large Installed Base
- Superior OEM and Distribution Access
- Like-for-Like Replacement Drives Recurring Sales

Leading with Technology, Global Footprint, and Distribution/OEM Access

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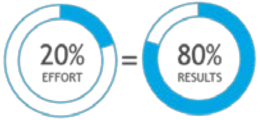
A LOOK BACK ON 2019…

2019

Transformed Organization from Centralized to Decentralized



Launched 80/20 Initiative

Executed Simplification Phase II Footprint Consolidations

Infused New Leadership Talent

Strengthened Return Based Decision Making

Foundational Year Setting the Path for Profitable Growth

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ORGANIZATION

Louis Pinkham
Chief Executive Officer

Jerry Morton
President
PTS

Scott Brown
President
Commercial

Eric McGinnis
President
Industrial

John Kunze
President
Climate

Rob Rehard
CFO

Tom Valentyn
General Counsel

John Avampato
CIO

Cheryl Lewis
CHRO

Justin Baier
VP BD & Strategy

Open
VP RBS

- Strategy, then Structure
- Decentralized & Created Business Unit Structure
- Business Unit Accountability and P&L Focus
- From 3 Segment P&L's to 23 BU and 60+ Plant P&L's
- New Talent in 12 of 25 Business Unit and Sales Leadership Roles, Balanced with Tenured Team

The Right Team for the Future

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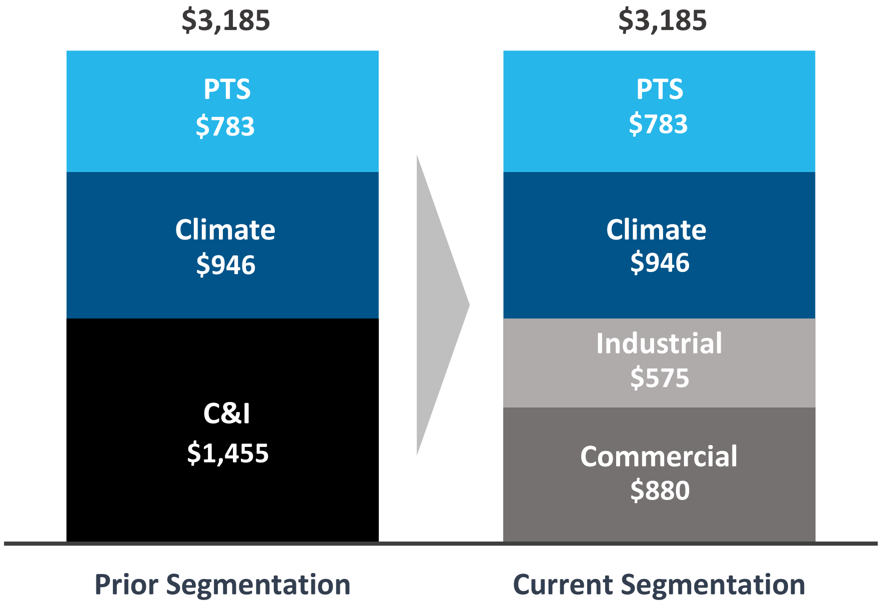
2019 Adj. Net Sales*

($ millions)



- Commercial and Industrial Split
- Climate and PTS Unchanged
- Each Segment President Reports to CEO
- Improved Spotlight on Commercial and Industrial Performance

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

Driving Transparency, Focus, and Accountability

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INDUSTRIAL SYSTEMS ACTION PLAN

Marine Motors
Explosion Proof Motors
Paralleling Switchgear

rotor nl
cemp
THOMSON POWER SYSTEMS

- Niche Markets
- Customized Solutions
- Deep Application Knowledge

Focused on Continued Profitable Growth

Industrial Motors
Alternators

marathon Motors
marathon Generators

- Recognized Quality
- Reliable Performance

Focused on Cost-Out & Margin Improvement

- New Transparency on Performance from Reorganization and Re-segmentation
- New Leadership in 3 of the 5 Business Units with New Sales Leader
- Continuous Pulse on Performance

Clear Path to Margin Improvement

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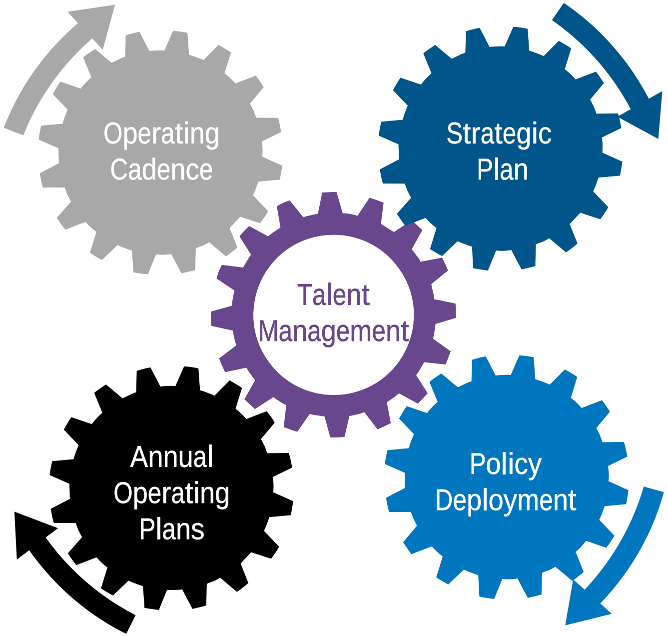
REGAL OPERATIONAL APPROACH



Instituted Deeper Operational Review and Rigor

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REGAL BUSINESS SYSTEM APPROACH

Strategy and Structure Are Fundamental to How We Operate

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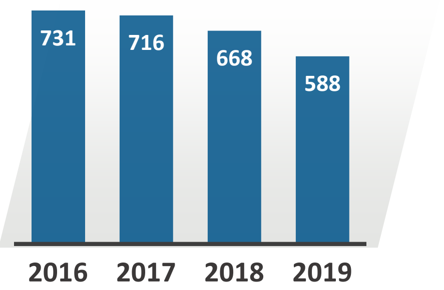
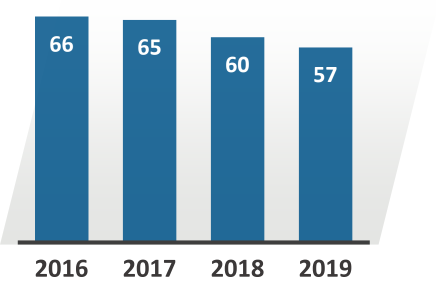
Environmental Footprint Since 2016

- Reduced **Energy Used** by **20%**
- Reduced **Water Used** by **14%**
- Reduced **Hazardous Waste** Disposed by **43%**
- Reduced **Non-Hazardous Waste** Disposed by **17%**

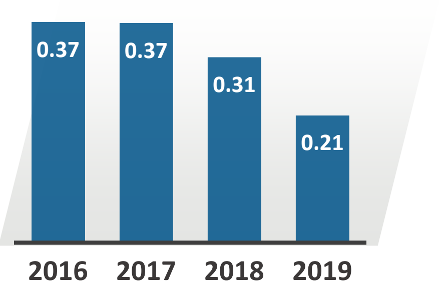
Energy Used
(mbtu/$M sales)



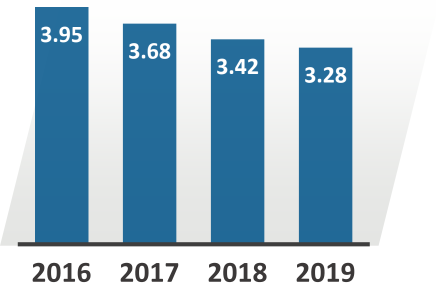
Water Used
(1000 gallons/$M sales)



Haz-Waste Disposed
(tons/$M sales)



Non Haz-Waste Disposed
(tons/$M sales)



ESG Is Who We Are, Is Core to the Company, and Is How We Run the Business

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ENVIRONMENTAL, SOCIAL & GOVERNANCE

15% Lower Energy Consumption vs Nearest Competitor

Eliminates Lubricants and Saves ~4 Million Gallons of Water/Year for One Bottling Line

627K Metric Tons/Year CO_2 Reduction vs Traditional Motors

75% NO_X Reduction vs Traditional Boilers

Our Products Lead with Sustainability and Energy Efficiency

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Independent Directors:
- 3 Women and 7 Men

Independent Chair

All Directors Stand for Annual Election

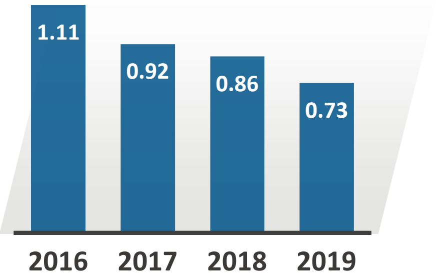
Annual Evaluation of Board and Committees

Shareholder Interest:
- Majority Voting Standard
- Proxy access

Compensation Committee Oversight:
- Pay-for-Performance Culture
- Stock Ownership Requirements

'Smack Hunger' in the Community

Total Recordable Rate



We Seek Diversity on Our Board and a Safe Work Environment for Our Associates

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POLICY DEPLOYMENT BY SEGMENT

RBS

	REGAL			
	Commercial	Industrial	Climate	PTS
Organic Growth	⬢	⬢	⬢ ⬢ ⬢	⬢ ⬢
Cost-Out	⬢ ⬢ ⬢	⬢ ⬢ ⬢	⬢	⬢ ⬢
TWC Improvement	⬢ ⬢	⬢ ⬢ ⬢	⬢ ⬢	⬢

Commercial and Industrial: Focus on Cost-Out and Working Capital

Climate: Focus on Organic Growth and Working Capital

PTS: Balance of Organic Growth and Cost-Out

Policy Deployment Driving Performance Goals Specific to Each Segment

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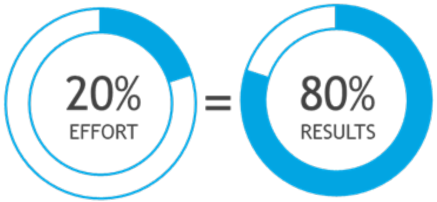
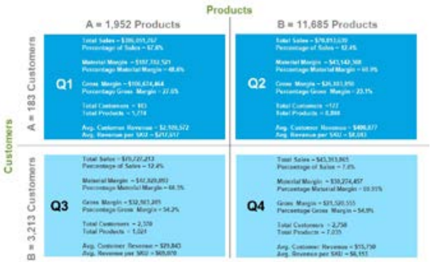
80/20 APPROACH





- Focus on “A” Customers and Products
- Proportion Attention and Resources on “B” Customers and Products
- All Segments Have Opportunity to Better Manage Margin Mix
- Positions Businesses for Profitable Growth

80/20 Is How We Think and How We Operate

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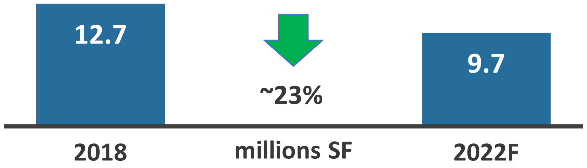
COST REDUCTION OPPORTUNITIES

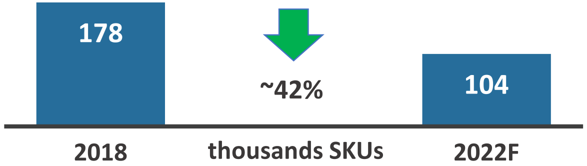
RBS

Footprint Consolidation



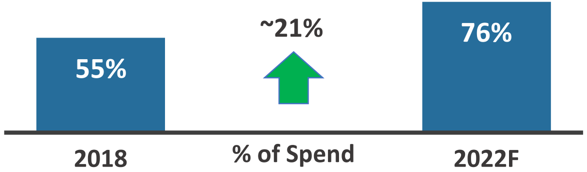
- Expect to Consolidate 20+ Facilities

Product Rationalization



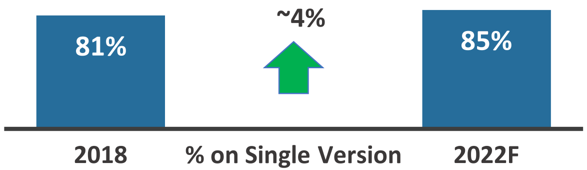
- Simplifies Business
- Improves Margin and Reduces Working Capital

Best Value Country Sourcing



- BVC Opportunities in Every Segment
- Improves Cost Competitiveness

ERP Standardization



- Enabled Swift Reorganization into Business Units
- Allows Quick and Data-Based Decision Making

Multi-year Cost-Out Opportunities Support Margin Improvement Targets

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TECHNOLOGY DIFFERENTIATION

ECM High Efficiency Motor

Gas Pre-Mix Blower

Pool Pump

High Efficiency Fan

Explosion Proof Motor

Marine Duty Motor

Paralleling Switchgear

Modsort® Conveyor

- 100 bps Increase in Engineering Spending Over Next 3 Years
- Leveraging Over 1,200 Active Registered Patents

Differentiated Product Technology with Industry Leading Positions

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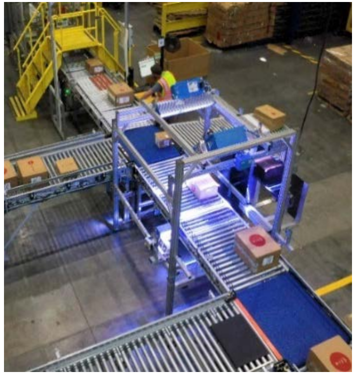
GROWTH OPPORTUNITIES

Product Innovation



- Modsort® Conveyor
- Supporting ‘Last Mile’ Of Parcel Processing
- Rapid ROI

Geographic Expansion

- Gas Pre-Mix Blowers in ROW
- Leveraging U.S. Position
- 75% NO_X Reduction vs Traditional Blowers

Commercial Initiatives

- “Making it Easy”
- QR Codes & App Enable Product Identification, Replacement, and Support

Connected Technology

- Connected Commercial Refrigeration Technology
- Reduces Risk of Food Spoilage from Outages
- Monetizing Uptime

Compelling Product and Market Opportunities to Grow GDP+

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CAPITAL ALLOCATION

1 Invest Organically

- **Priority to High-Confidence Organic Investments**
  - Innovation and New Products
  - Capacity
  - Productivity

2 Growth through M&A

- **Bolt-on Acquisitions and Larger Deals if High Fit**
- **Strict Strategic Fit and Financial Discipline Criteria**

3 Return Capital

- **Dividends and Share Purchases**

- Pruned ~$270M of Annual Sales in Non-Core or Underperforming Businesses Since 2018
- Continuing to Systematically Evaluate the Portfolio

Non-Biased Approach to Evaluating Portfolio and Driving Shareholder Returns

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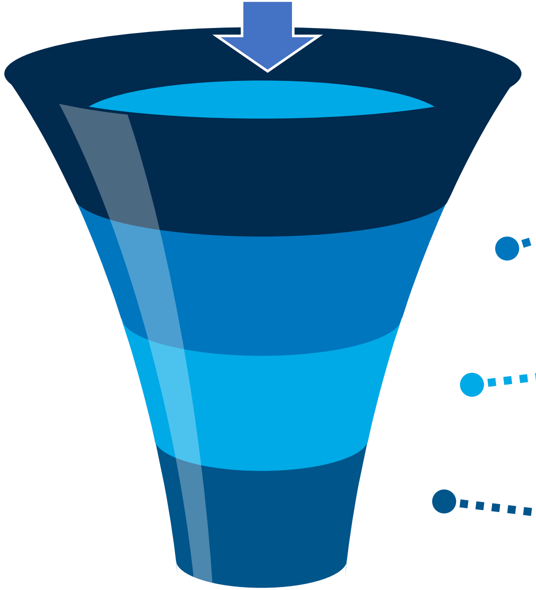
M&A APPROACH

Bolt-ons for the PTS and Climate Segments
Larger Scale M&A with High Synergy Potential



MARKET

- Stable GDP+ Growth
- Limited Risk of Technology Disruption
- Deal Runway

TARGET

- Margin Accretive (GM >35%)
- Leading Market Position / Brand
- Differentiated Product Offering

FIT

- Fit with Regal Culture
- Leverages Regal's Core Strengths
- Reinforces or Adds Capabilities

DEAL

- ROIC > WACC by 200 bps by Year 3
- EPS Accretive in Year 1
- Strong Cost Synergies

Disciplined Approach to Drive Value Creation through M&A

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3-YEAR FINANCIAL PLAN – "THE ROAD TO 300"

3-Year Targets

Organic Growth
Above Industry/Market

250 - 300 bps
Adj. Operating Margin Expansion

Adj. EPS
8% - 10% CAGR

300 in 3

Creating Sustainable Foundation for Long-Term Value Creation

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VISION – WHO IS REGAL IN FIVE YEARS?

- **Customer Driven Technology Leader**
- **Products and Solutions Differentiated by Sustainability**
- **World Class Business System**
- **Top Talent Driving Business**
- **35% Gross Margin**
- **GDP+ Growth Profile**
- **Reduced Cyclicality**
- **Top Quartile TSR**

A Compelling Future

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KEY TAKEAWAYS

- Growth From Energy Efficiency, Electrification and Digital Connectivity
- Leading Brands, Installed Base, and Differentiated Technology
- Global Manufacturing Footprint Enables Efficiency and Flexibility
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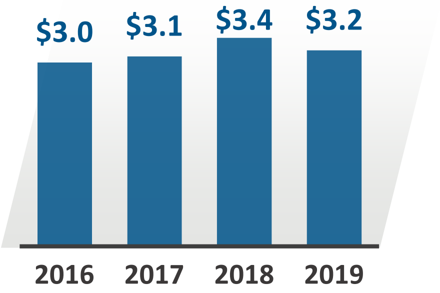
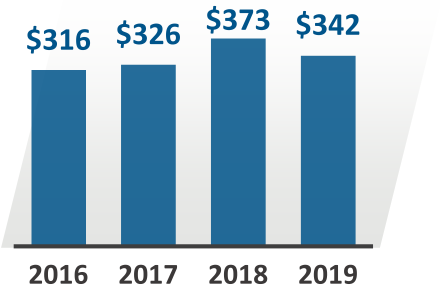
HISTORICAL FINANCIAL PERFORMANCE

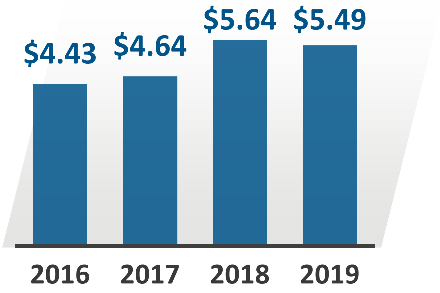
Adj. Net Sales*
($ billions)



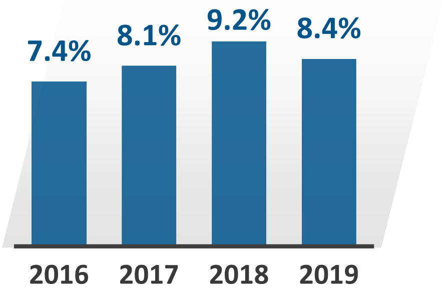
Adj. Operating Profit*
($ millions)



Adj. Diluted EPS*



Adj. ROIC*



- **3-Year CAGR of 2.2%**
  - Modest Organic Growth
  - Unfavorable FX Translation

- **3-Year 8.2% OP Growth**
  - Volume
  - Positive Price/Cost
  - 80/20

- **3-Year CAGR of 7.4%**
  - Volume
  - Lower Share Count
  - Lower Interest & Tax Rate

- **3-Year 100 bps Improvement**
  - Renewed Focus on Returns Based Investments

* Non-GAAP Financial Measurement, See Appendix for Reconciliation.
All years have been adjusted to eliminate divested businesses for comparison purposes.

Improving Performance Despite Impact from Market

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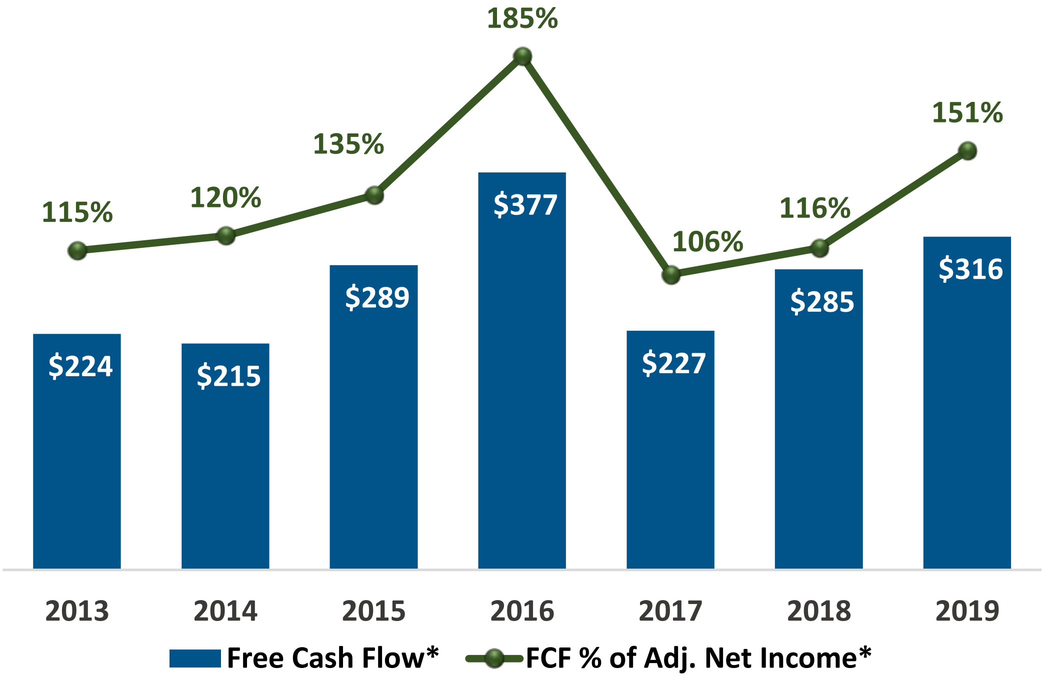
FREE CASH FLOW PERFORMANCE



- **Working Capital Contributing to Free Cash Flow Growth**
- **Significant Opportunity Remains in Working Capital**

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

Strong, Consistent Free Cash Flow Performance

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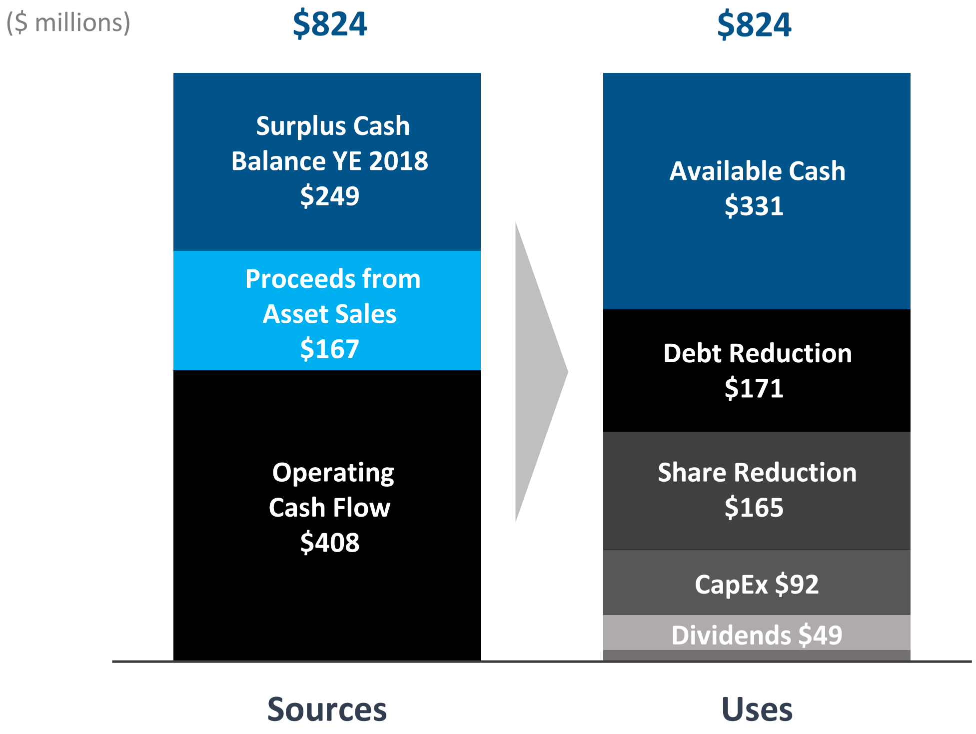
2019 CASH DEPLOYMENT



Balanced Deployment in 2019

- Opportunistic Share Purchases
- Dividend at Targeted Payout Ratio
- Return Focused CapEx
- Continued Debt Reduction with Net Debt to Adj. EBITDA* of 1.7
- No M&A, Valuations Challenged

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

Continued Focus on Balanced Capital Allocation

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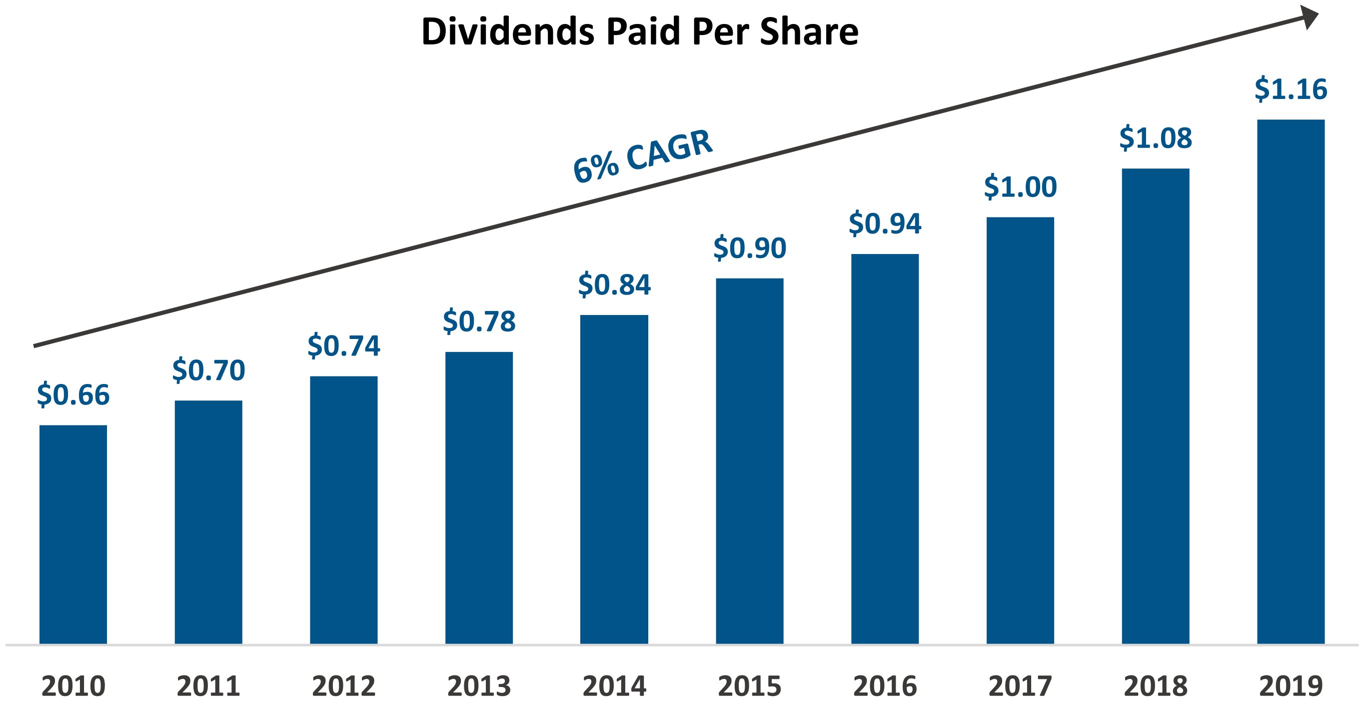
DIVIDEND HISTORY



Consistently Increasing Dividend Paid to Shareholders

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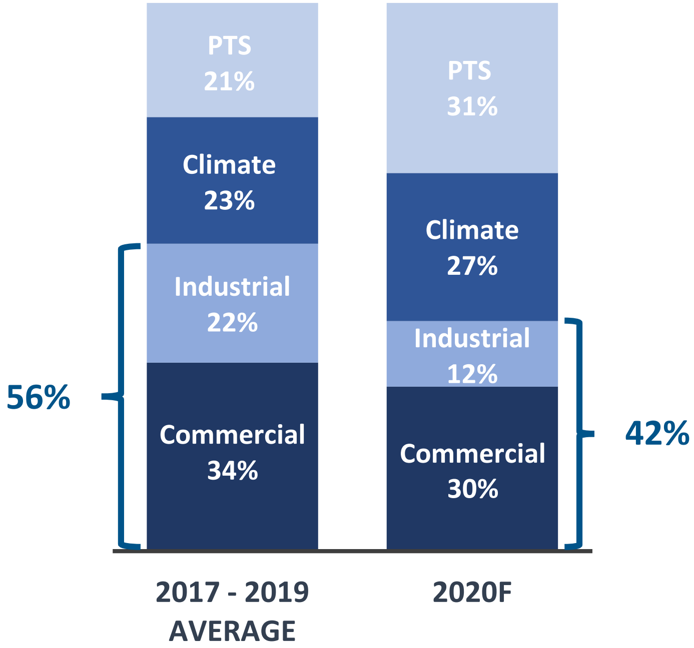
CAPEX ALLOCATION

Capex Spending by Segment

(% of total)



- Capex Historically Allocated Based on Volume and Project Needs
- 2020F Capex: ~40% Maintenance vs ~60% Growth Investments
- Shifting to Returns Based Capex Allocation

Capex Allocation Return Based Going Forward

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2020 GUIDANCE UPDATE

	FY 2020	What We Are Seeing / Expecting
Organic Sales	Flat to Slightly Down	– 1H Down to Prior Year with Recovery in 2H – De-stocking Subsides in 1Q
Adj. EPS*	$5.65 - $6.05	± Continue to Monitor Short-Cycle Trends ± Impact from the Coronavirus
Free Cash Flow	>100% of Adj. Net Income	+ On Track to Generate >100% of FCF Conversion Driven by High-Quality Working Capital Improvements

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

Holding Full Year Guidance

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3-YEAR FINANCIAL PLAN

Sales & Earnings Growth

- Accelerated Organic Sales Growth and Margin Expansion
- Adj. EPS CAGR Greater than Operating Profit Growth

Robust Cash Generation

- Targeting >100% Free Cash Flow Conversion
- Disciplined Working Capital Management

Disciplined Capital Deployment

- Prioritizing High-Return Investments (< 1.5 Year Payback Periods)
- Evaluating M&A that Meets Strict Return Criteria
- Maintain Net Debt Leverage < 2.0x

3-Year Targets

Organic Growth Above Industry/Market

250 - 300 bps Adj. Operating Margin Expansion

Adj. EPS 8% - 10% CAGR

>100% Free Cash Flow Conversion

250 - 300 bps ROIC Improvement

Sustainable Foundation for Long-Term Value Creation

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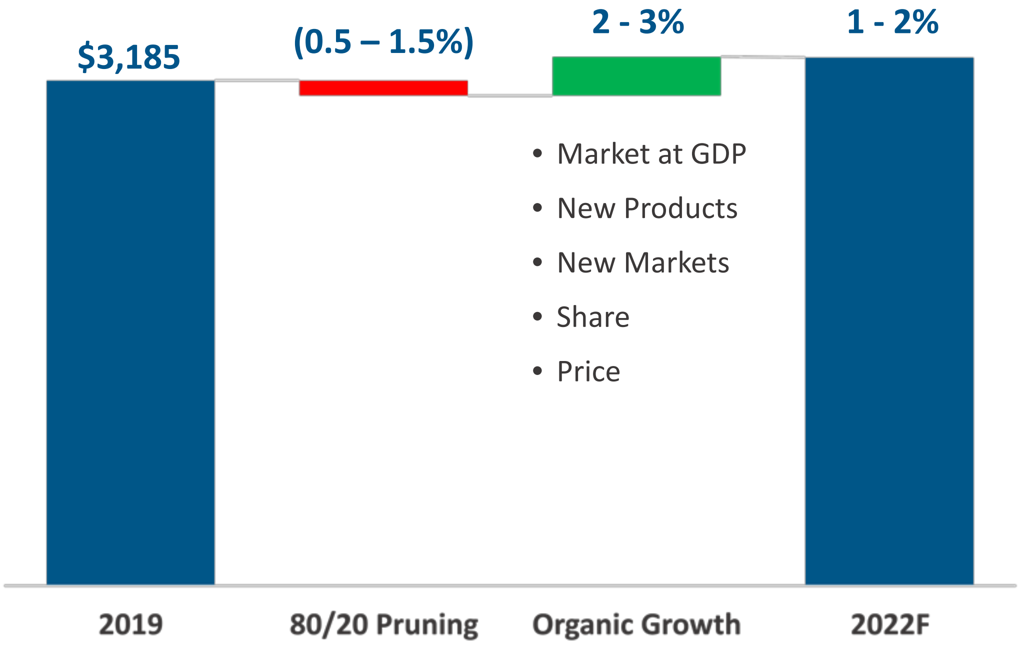
3-YEAR SALES OUTLOOK

Source of Sales Growth (2019 – 2022)

($ millions)



Excluding 80/20, Expecting Market Outgrowth

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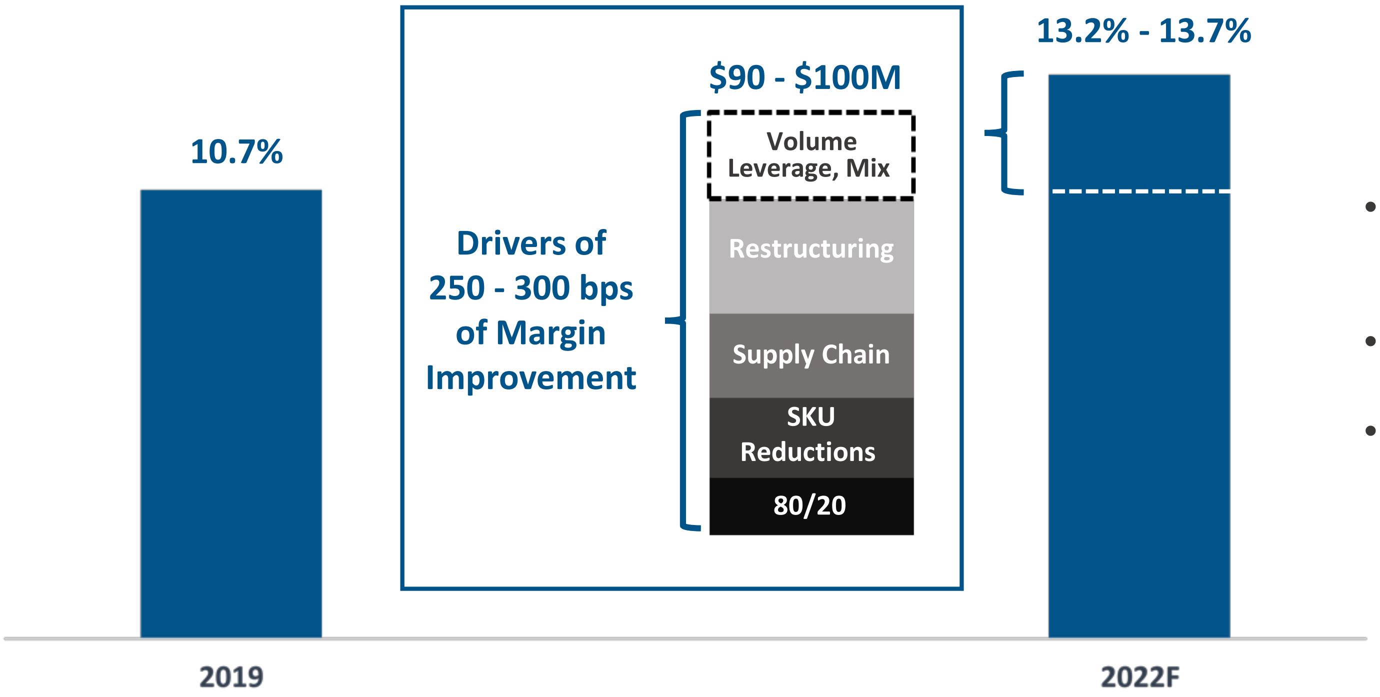
3-Year Adj. Operating Margin* Improvement



300 in 3

- Restructuring, Supply Chain, SKU Reductions
- Other 80/20 Actions
- Volume Leverage, Mix on Organic Growth

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

Clear Path to Shareholder Value Creation

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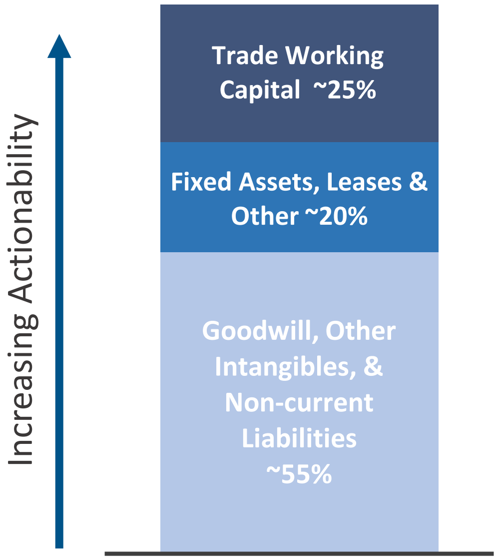
ROIC – WHAT MOVES THE NEEDLE

Invested Capital

(% of total)



Key ROIC Improvement Drivers:

- **Operating Profit Improvement**

- Trade Working Capital Optimization
- High Return Organic Investments
- Footprint Consolidation
- Disciplined Financial Approach for M&A

Disciplined Approach to ROIC Improvement

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THROUGH THE CYCLE MARGIN TARGETS BY SEGMENT

	2019 Adj. Operating Margin*	Targeted Adj. Operating Margin through the Cycle
Commercial	9.1%	10 – 13%
Industrial	0.1%	8 – 11%
Climate	16.9%	17 – 20%
PTS	13.0%	15 – 18%

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

Expecting Meaningful Operating Margin Growth Across All Segments

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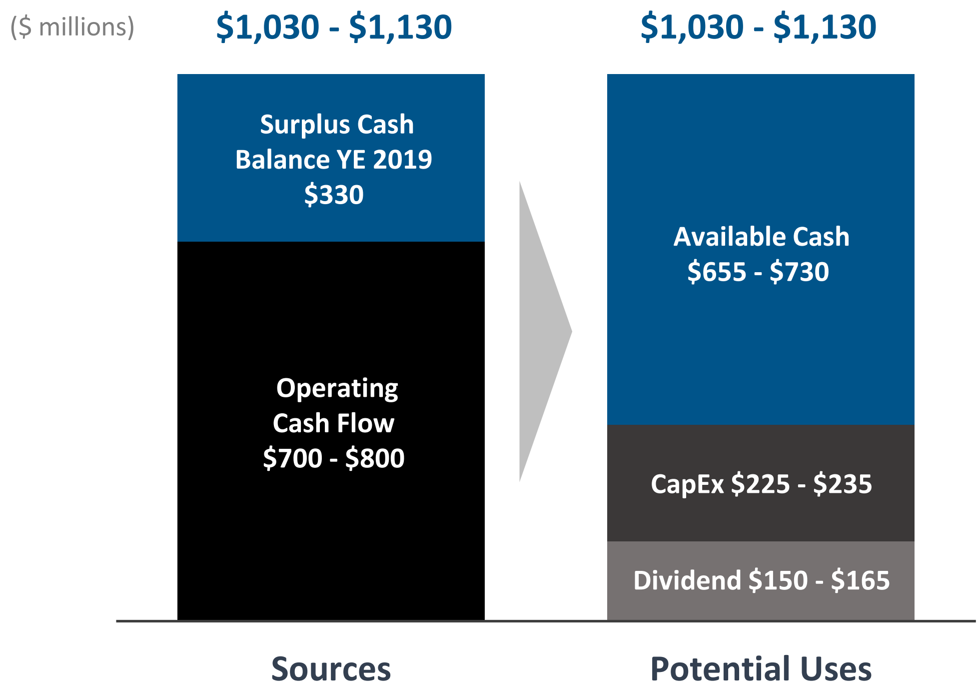
3-YEAR CASH AVAILABILITY



- **Substantial Capacity to Deploy on M&A and/or Share Purchases**
- **2022 Incremental Debt Capacity of ~$1.9 Billion**

Strong Balance Sheet with Significant Flexibility

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CAPITAL ALLOCATION

1 Invest Organically

- **Priority to High-Confidence Organic Investments**
  - Innovation and New Products
  - Capacity for Growth
  - Digitization, e-Commerce
  - Productivity and Automation (Cobots)

2 Growth through M&A

- **Bolt-on Acquisitions**
- **Potentially Larger Deals if High Fit**
- **Strict Strategic Fit and Financial Discipline Criteria**

3 Return Capital

- **Dividend Target ~20% Payout**
- **Share Purchases if No Investment Opportunities**

Clear M&A Criteria

MARKET
- Stable GDP+ Growth
- Limited Risk of Technology Disruption
- Deal Runway

TARGET
- Margin Accretive (GM >35%)
- Leading Market Position / Brand
- Differentiated Product Offering

FIT
- Fit with Regal Culture
- Leverages Regal's Core Strengths
- Reinforces or Adds Capabilities

DEAL
- ROIC > WACC by 200 bps by Year 3
- EPS Accretive in Year 1
- Strong Cost Synergies

Consistent Approach to Capital Allocation Priorities

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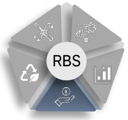
ACTIVELY MANAGING CYCLICALITY

Cost Structure Changes

- Overhead Elimination/Reduction
- Working Capital Optimization
- Product/SKU Rationalization

Market Diversification

- Connected Technology
  - Monitoring, Diagnostics, Predictive Maintenance
- New Products
- New Markets



Portfolio Management

- Reduced Exposure to Highly Cyclical Industries through Divestitures

Reducing Cyclicality

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SUMMARY

- 2020 Guidance Reaffirmed
- 3-Year Financial Plan
- Strong Balance Sheet with Flexibility
- Balanced Capital Allocation with Return Focus
- Reducing Cyclicality

3-Year Targets

Organic Growth
Above Industry/Market

250 - 300 bps
Adj. Operating Margin Expansion

Adj. EPS
8% - 10% CAGR

>100% Free Cash Flow Conversion

250 - 300 bps
ROIC Improvement

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AGENDA

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AGENDA

- Brands, Products, & Applications
- Performance Results & Market Trends
- Growth Initiatives
- 80/20 Actions
- Summary

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BRANDS, PRODUCTS, & APPLICATIONS

Brands		Products	Applications
SEALMASTER®	McGILL®		
Morse®	Browning®		
GROVE GEAR	HUB CITY		
KOP-FLEX®	JAURE®		
SYSTEM PLAST®	MODSORT®		

Established Brands with ~$5B of Installed Base

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GLOBAL FOOTPRINT

Manufacturing: 16

Support Offices: 6

Warehousing: 7

Global Reach / Local Presence

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AGENDA

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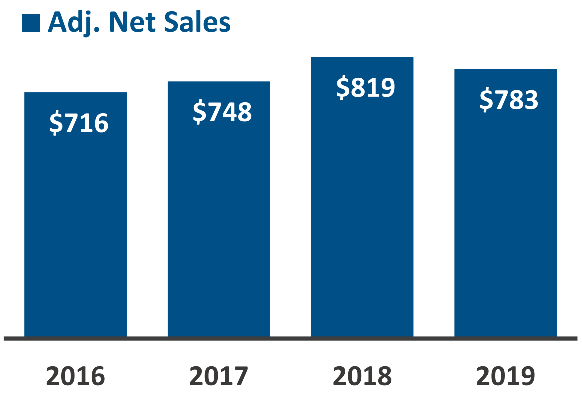
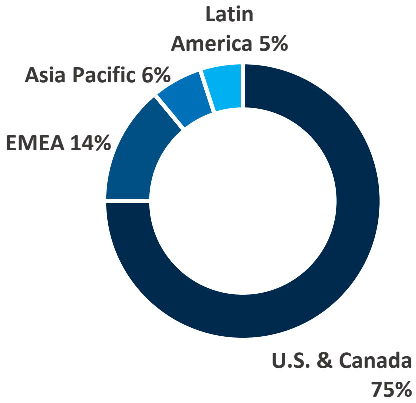
Sales and Adj. Operating Profit*
($ millions)



	2016	2017	2018	2019
Adj. OP Margin*	10.7%	11.6%	12.8%	13.0%

Sales by Region



Sales by OEM / Aftermarket

48% / 52%

* Non-GAAP Financial Measurement, See Appendix for Reconciliation.
All years have been adjusted to eliminate divested businesses for comparison purposes.

Strong Margin Growth with Additional Opportunities Moving Forward

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MARKET TRENDS – END MARKETS

	End Market	% of Sales	2019	2020 – 2022 CAGR
	General Industry	36%	→	LSD
	Material Handling	23%	→	HSD
	Metals	10%	↓	LSD
	Renewable Energy	7%	↑	MSD

Source: IBIS Industry Reports

Growth Expected to Accelerate Over 2019 Levels

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Resource Investment

Customer Support

- **46%** Increase in Sales Coverage Since 2016
- **60%** Growth of US Customer Service Team

Commercial Operations Formation

- **9** Dedicated Commercial Analytics Resources

Centralized Pricing Organization

- **1.6x** Improvement in Price Capture

Process & Tool Investment

Enhanced Sales Incentive Program

- Variable Compensation Directly Tied to Performance
- Performance Electronically Communicated via App

Enterprise Wide CRM

- **118%** Increase in Opportunity Funnel
- Improved Performance (Size, Velocity, Win Rate)

Sales Training & Development

- **200+** Training Events Since 2016
- Digital Learning Platform

Foundational Improvements Driving Lasting Results

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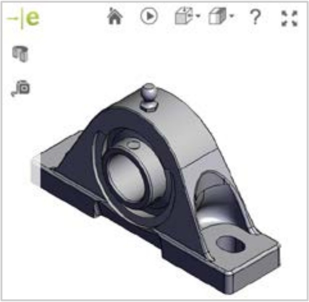
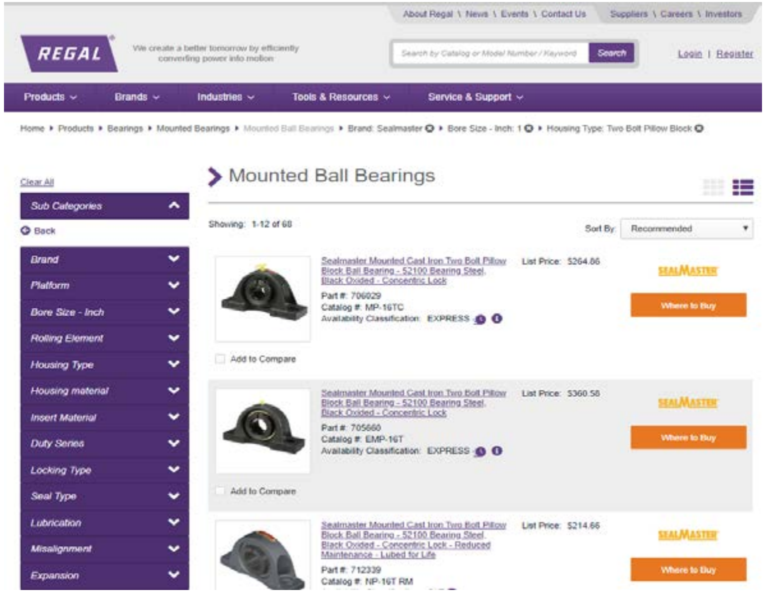
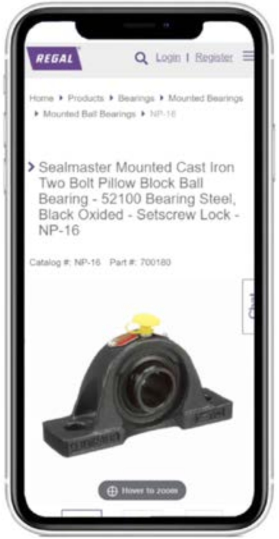
MAKING IT EASY - DIGITAL CUSTOMER EXPERIENCE







Rich Content and Mobile Site Optimize Customer Buying Experience

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MAKING IT EASY - DIGITAL TRANSFORMATION

Making It Easier for Our Customers

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PRODUCT INNOVATION - MODSORT® TECHNOLOGY VALUE PROPOSITION

Modsort® Module

Sortation Solutions

- Modular Design For Flexible Integration and Ease of Maintenance
- Rapid ROI: Increased Speed, Improved Accuracy, Reduced Cost Of Labor
- IP Backed Technology Supporting 'Last Mile' Of Parcel Processing

See ModSort in Action: https://www.youtube.com/watch?v=AIxn-DO2Zeg

Game Changing Technology

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Custom Gearing

Gearmotor Solutions

Fast Customization Differentiating PTS with Customers

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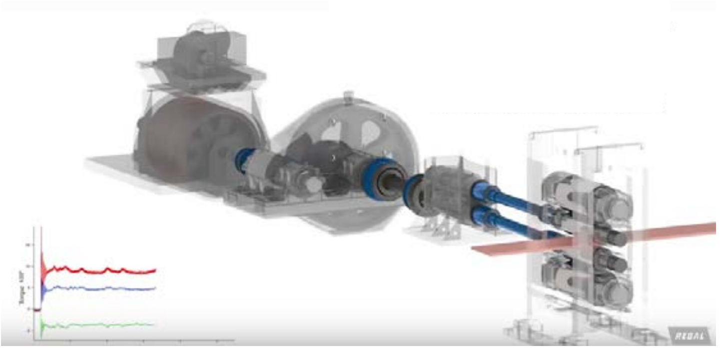
CONNECTED TECHNOLOGY – EMBEDDED SENSORS WITH PURPOSE

Coupling Wear Measurement

Sensi-Torq™ for Gear Drives

Real Time Torque Monitoring

PERCEPTIVE TECHNOLOGIES™



Solving Customer Challenges through Connected Solutions

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AGENDA

- Brands, Products, & Applications
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- Growth Initiatives
- **80/20 Actions**
- Summary

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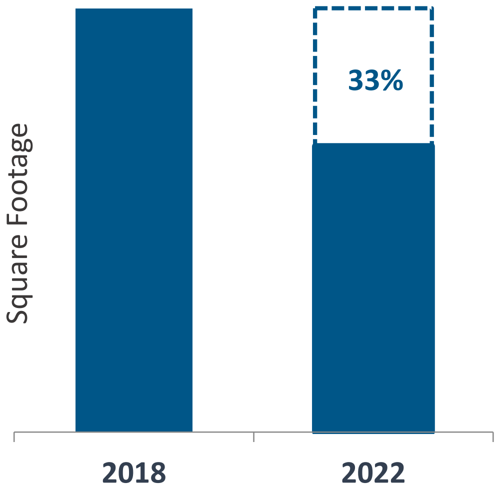
80/20 – FOOTPRINT AND PRODUCT RATIONALIZATION

Segment Footprint



Facilities	2018	2022
	29	18

of Segment Product SKUs

2018	2020	2022
84,000	68,000	47,000

Substantial Opportunity Exists To Simplify Business Through 80/20

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80/20 CASE STUDY – PLANT CONSOLIDATION

	2019	2020	2021	2022	2019-2022
Sales	$19.6	$16.5	$18.7	$21.0	~2.3% CAGR
Gross Margin	20.9%	42.4%	45.5%	45.7%	2,480 bps

- 160K Sq Ft Footprint Reduction
- Eliminated 33% of SKUs
- 214 Surplus Assets (67%)
- Labor Headcount Reduction of 45%

80/20 Is Driving Regal to Think Differently

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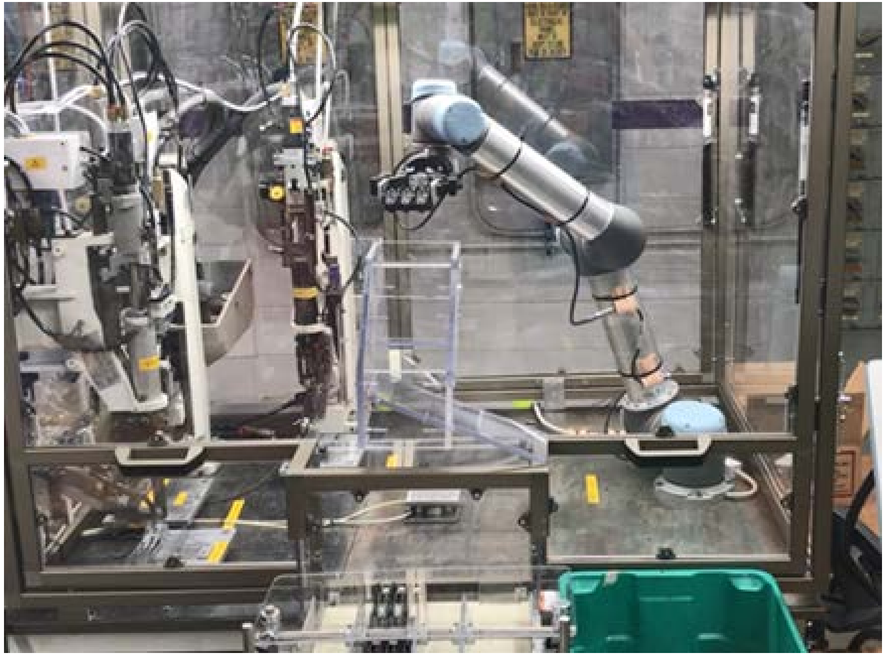
80/20 – OPERATIONAL IMPROVEMENTS



80/20 Simplification Enabling Targeted Automation

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AGENDA

- Brands, Products, & Applications
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- Growth Initiatives
- 80/20 Actions
- **Summary**

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WHY WE WILL WIN

- Positioned for Growth in Fragmented Markets
- Market Leader in Digital Commerce Solutions
- ModSort® Conveying Technology is a Game Changer
- Focused Customized Gearmotor Solutions to Solve Customer Challenges
- Well Positioned to Grow with an Array of Connected Solutions
- 80/20 Will Simplify and Improve our Performance

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AGENDA

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BRANDS, PRODUCTS, & APPLICATIONS

Brands	Products	Applications
marathon™		 
Century®		 
LEESON®		 
genteq®		 
NICOTRA | Gebhardt®		 

Strong Brands, Attractive Segments, Leading Positions

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GLOBAL FOOTPRINT

Manufacturing: 17

Support Offices: 6

Warehousing: 3

Ability To Leverage Global Technology & Manufacturing Capabilities

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AGENDA

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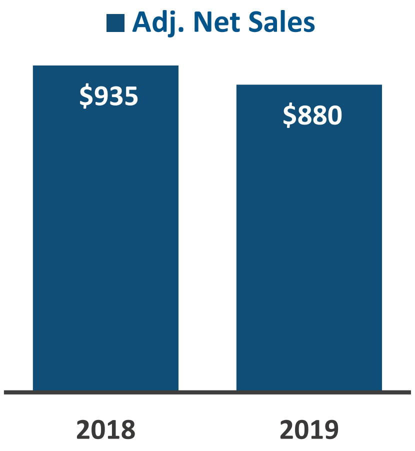
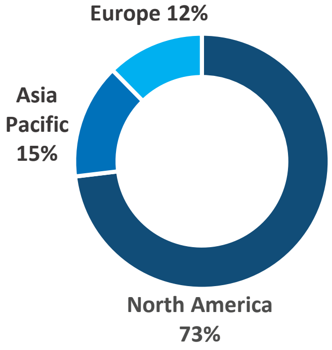
Sales and Adj. Operating Profit*
($ millions)



	2018	2019
Adj. OP Margin*	9.9%	9.1%

Sales by Region



Sales by OEM / Aftermarket

76% / 24%

* Non-GAAP Financial Measurement, See Appendix for Reconciliation.
2016 and 2017 Results Not Shown Due to Re-Segmentation at the End of 2019

Despite Difficult Markets in 2019, De-levered at 14.3%*

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MARKET TRENDS – END MARKETS

	End Market	% of Sales	2019	2020 – 2022 CAGR
	General Industry	42%	→	LSD
	CHVAC	34%	↓	LSD
	Water – Leisure & Non-Leisure	24%	↓	LSD

Source: NEMA Industry Reports and Management Estimates

Global GDP Markets With Regulation Tailwinds

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Pool Pump

- DOE 2021 Energy Efficiency Regulations

CHVAC & Ventilation

- European Eco Design Directive in 2022
- DOE 2023 Integrated Energy Efficiency Ratio

Regal's Technology Leadership Is Perfectly Positioned to Take Advantage of Regulations

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MARKET TRENDS – INNOVATION

Power Density

Electronics Packaging

Form Factors

Application Control

Efficiency

Smaller

Intelligence

Cost

Our Technology and Application Knowledge Best Positioned to Benefit from these Trends

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AGENDA

- Brands, Products, & Applications
- Performance Results & Market Trends
- **Growth Initiatives**
- 80/20 Actions
- Summary

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- Next Generation Pool Pump Motor
- Meets New 2021 Regulations
- Targets Underserved Segments
- Value Creation for OEMs, Contractors, & Homeowners

Regal's Technology Leads in the Attractive Pool Pump Market

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PRODUCT INNOVATION – DIRECT DRIVE FANS

NICOTRA|Gebhardt®

- **~15%** Lower System Energy Consumption than Next Competitor Offering
- **~50%** Reduction in Energy Costs Compared to Belt Driven Fans

Differentiated Solution Driving Organic Growth, Global Expansion, and Margin Accretion

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PRODUCT INNOVATION – MOTOR FORM FACTORS

NICOTRA Gebhardt® marathon™

- New OEM Platforms Must Improve Space & System Efficiency to Meet Commercial HVAC Regulations
- Regal Provides All Form Factor Technologies OEMs Need

Leveraging Technology to Expand into a New ~$250M Market for Regal

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PRODUCT INNOVATION – HIGH SPEED MOTORS

genteq® marathon™

- Emerging Market for Higher Speed Blowers, Vacuum Pumps, and Air Compressors For Energy Efficiency
- Water Treatment, Chemical Processing, Plant Service Air
- Customers Attracted to Regal's Proven Hermetic Motor High Speed Capabilities

Expanding into a New $200M Market with Proven Differentiated Technology

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AGENDA

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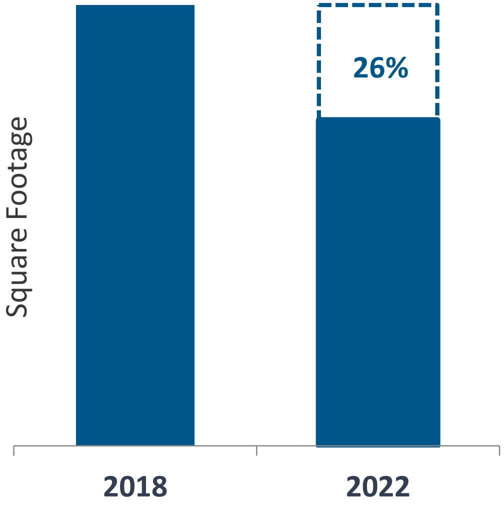
80/20 – FOOTPRINT AND PRODUCT RATIONALIZATION

Segment Footprint



Facilities	17	13

of Segment Product SKUs

2018	2020	2022
30,000	28,000	18,000

~26% Footprint Reduction and ~40% SKU Simplification

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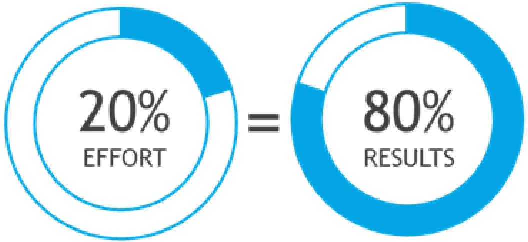
80/20 CASE STUDY – PRODUCT RATIONALIZATION



North America Motor Operations

Findings

- Service Challenges
- 20% Customers ~96% Sales
- 20% Product SKUs ~89% Sales
- Inconsistent Pricing
- Complexity Growing Every Day

Deploying 80/20

- Mid 90's OTD to Highly Valued Customers, 10 Point Improvement
- Labor Productivity +5% per year
- Pruned $6M Accounts…More to Come
- 10%+ Price on "B" Products

80/20 Transforming Our Commercial Motors Business

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80/20 CASE STUDY – PLANT CONSOLIDATION

106K ft^2, 207 HC, ~$35M Sales

	Total	80% Sales
Customers	1,755	399
SKUs	1,834	120

What We Are Doing?

- Transferring Only 50% SKUs
- Exiting 9% of Sales
- Incenting Customers to High Volume SKUs

With 80/20, Less is More

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Traditional Approach

- Reduce Thickness
- Change Material
- Remove Paint
- Change Forming/Welding Process

VAVE Approach

- Function of Frame = Locate Parts
- How Can I Locate Parts Differently?
- Eliminate Frame Completely

Early Days of Journey - First Workshops Identifying 10-20% Cost Out

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AGENDA

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- 80/20 Actions
- **Summary**

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WHY WE WILL WIN

- Technology Leadership Foundation with Positive Macro and Regulatory Trends
- Well Positioned with Technology and Connected Solutions in Pool Pump
- Sustainability Solutions for Expanding into New Global Markets
- 80/20 Structural Margin Improvements Transforming the Business

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BRANDS, PRODUCTS, & APPLICATIONS

Brands	% of Sales	Products		Applications	
marathon® Motors	61%		• Industrial Motors		• Industrial Pumps • Industrial Fans
marathon® Generators	21%		• Alternators		• Generator Set
THOMSON™ POWER SYSTEMS	7%		• Paralleling Switchgear • Automated Transfer Switches		• Data Center
rotor nl®	6%		• Marine Duty Motors		• Tension Winches
cemp® Flameproof Motors	5%		• Explosion Proof Motors		• Oil Pumping

Diverse Products, Applications and End Markets

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GLOBAL FOOTPRINT

Manufacturing: 15

Support Offices: 6

Warehousing: 10

Global Reach / Local Presence

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AGENDA

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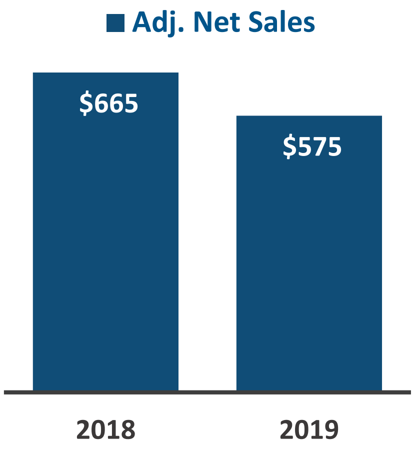
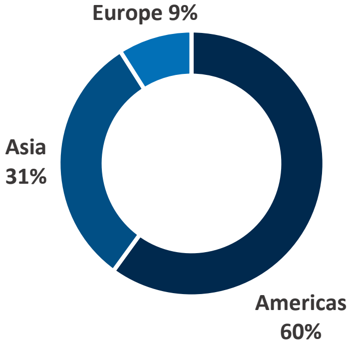
Sales and Adj. Operating Profit*
($ millions)



Adj. OP Margin*	4.3%	0.1%

Sales by Region



Sales by OEM / Aftermarket

77% / 23%

* Non-GAAP Financial Measurement, See Appendix for Reconciliation.
2016 and 2017 Results Not Shown Due to Re-Segmentation at the End of 2019

Challenging 2019, Positioned to Rebound in 2020

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MARKET TRENDS – END MARKETS

	End Market	% of Sales	2019	2020 – 2022 CAGR
	Distribution	32%	↓	LSD
	Power Gen	26%	↓	LSD
	CHVAC	6%	↓	LSD
	Oil & Gas	6%	↓	LSD
	Data Centers	4%	↓	MSD
	Marine	4%	→	LSD

Source: NEMA and Frost & Sullivan Industry Reports

Trade Conflict with China Impacting Market Growth; Future Growth at Market

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AGENDA

- Brands, Products, & Applications
- Performance Results & Market Trends
- **Growth Initiatives**
- 80/20 Actions
- Summary

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PRODUCT INNOVATION – CRITICAL POWER APPLICATION FOR HIGH TECH MANUFACTURING

Hybrid Power Distribution Unit

THOMSON POWER SYSTEMS™

- Customized to Customer Need
- Plug-and-Play Compact Design
- Ease of Installation

Customization and Speed to Market

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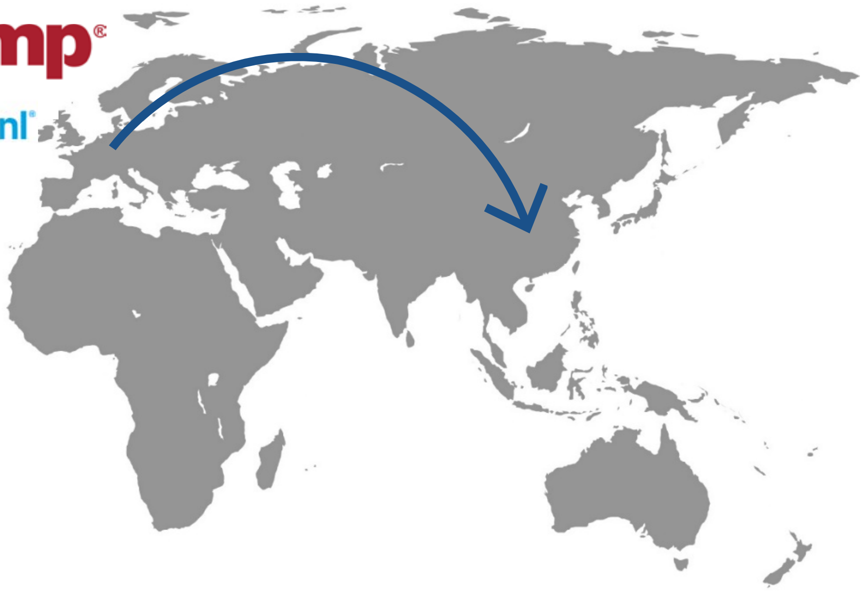
GEOGRAPHIC MARKET EXPANSION – BRAND LEVERAGE



- Cemp and Rotor Following Existing European OEM Customers to Asia
- Leveraging Regal Infrastructure for Assembly and Customer Support
- ~$130M Market Opportunity

Expanding the Reach of Our Strong European Brands

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AGENDA

- Brands, Products, & Applications
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- **80/20 Actions**
- Summary

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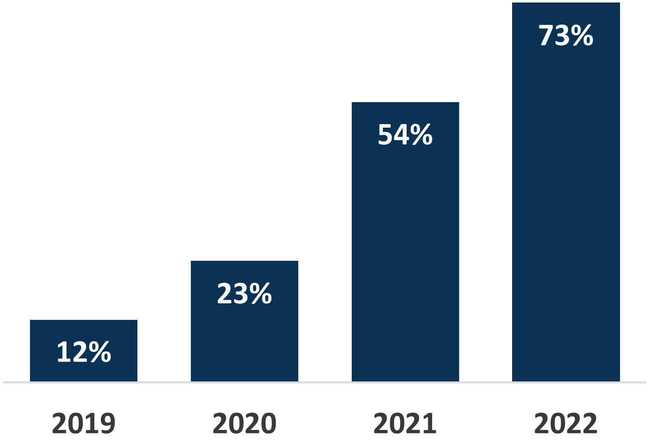
COST COMPETITIVE SOLUTION – TERRAMAX® CONVERSION

TerraMAX®

- Common Platform for NEMA and IEC Motors
- Reduces Complexity and SKUs
- Leverages Best Value Country (BVC) Supply Base
- Reduces Motor Platforms from 14 to 4

NA Motor BVC as a % of Spend



Platform Consolidation Drives 10% to 25% Cost Savings and Market Competitiveness

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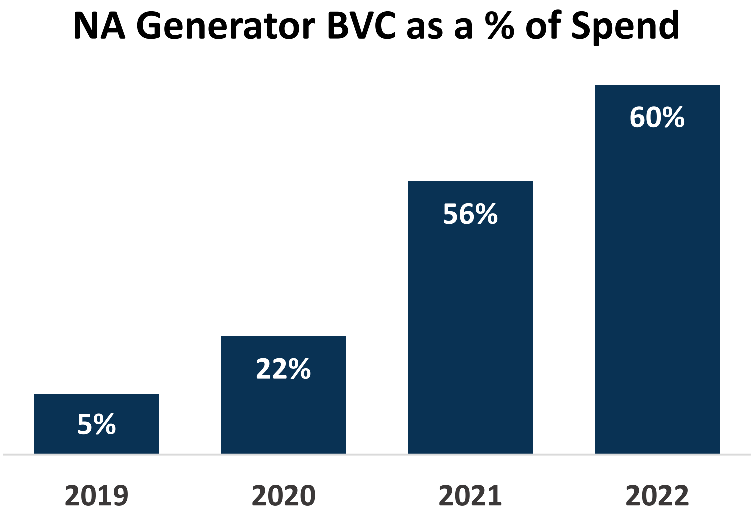
COST COMPETITIVE SOLUTION – GENERATOR VAVE PROJECT

- Simplified Offering Using VAVE Methodology
- Reduced Stock SKU Offering by 67%
- Enhanced Modification Capabilities in U.S. Warehouses



Clean Sheet Drives 15% to 25% Cost Savings and Market Competitiveness

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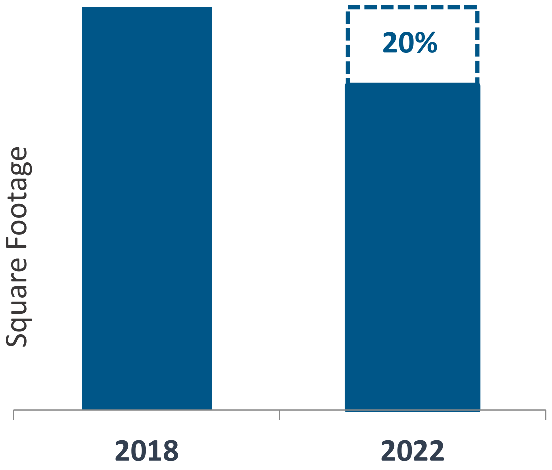
80/20 – FOOTPRINT AND PRODUCT RATIONALIZATION

Segment Footprint



	2018	2022
Manufacturing	15	12
Warehousing	10	5

of Segment Product SKUs

2018	2020	2022
56,000	44,000	34,000

Transforming Our Business through 80/20

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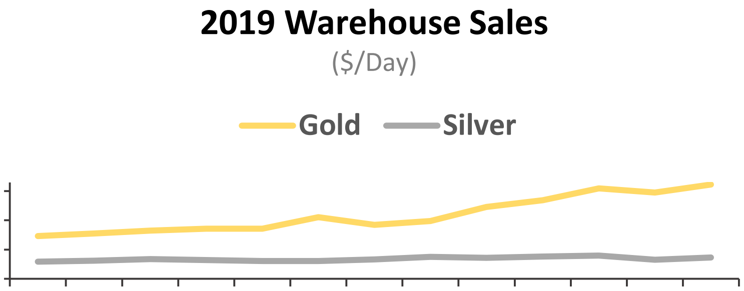
80/20 CASE STUDY – GOLD, SILVER, BRONZE MOTOR STOCKING PROGRAM



Stocked at All Warehouses

Stocked at Select Warehouses

Stocked at Regal Warehouses

- 72% Stock SKU Reduction
- Strategic Inventory Positioning
- Stock Availability Improved to 95%
- Gold Sales Doubled and Margin Mix Improved in 4Q 2019
- Plan to Reduce ~$30M Inventory

Focused on Critical SKUs that Drive Profitable Growth

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AGENDA

- Brands, Products, & Applications
- Performance Results & Market Trends
- Growth Initiatives
- 80/20 Actions
- **Summary**

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WHY WE WILL WIN

Top Priority is Cost Competitiveness & Margin Improvement

New Mexico Manufacturing Facility to Service the Americas

Strong Niche Brands Will Grow Profitably

Launching New Cost Competitive Motor & Generator Products

80/20 Will Simplify Everything We Do

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AGENDA

8:30 – 8:35	Welcome & Introductions	Rob Cherry, VP IR
8:35 – 9:10	Strategic Overview	Louis Pinkham, CEO
9:10 – 9:35	Financial Overview	Rob Rehard, CFO
9:35 – 10:05	Power Transmission Solutions	Jerry Morton, President
10:05 – 10:20	Break	
10:20 – 10:50	Commercial Systems	Scott Brown, President
10:50 – 11:15	Industrial Systems	Eric McGinnis, President
11:15 – 11:45	**Climate Solutions**	**John Kunze, President**
11:45 – 12:00	Summary and Q&A	

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AGENDA

- Brands, Products, & Applications
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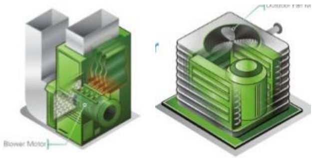
Brands	Products	Applications
genteq®		 
Century®		
FASCO®		 
Evergreen™		

Strong Brands, Innovation Leader, Rich Application Experience

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GLOBAL FOOTPRINT

Manufacturing: 14

Support Offices: 6

Warehousing: 6

Global Footprint a Clear Competitive Advantage

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AGENDA

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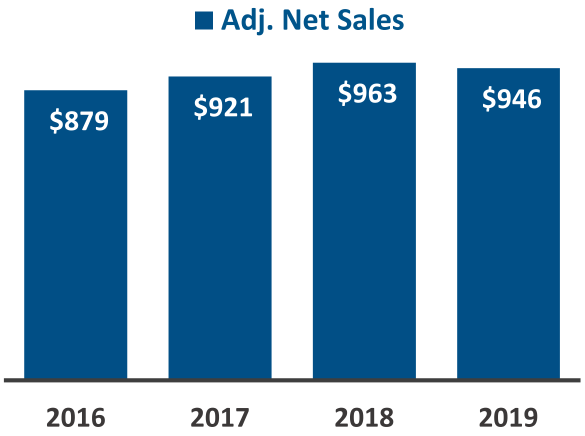
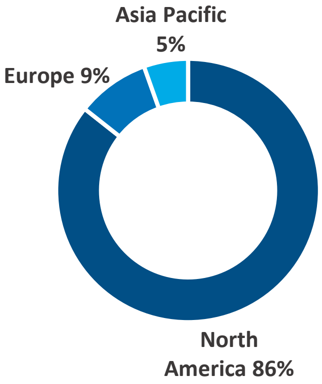
Sales and Adj. Operating Profit*

($ millions)



Adj. OP Margin*	14.3%	15.1%	15.1%	16.9%

Sales by Region



Sales by OEM / Aftermarket

78% / 22%

* Non-GAAP Financial Measurement, See Appendix for Reconciliation.
All years have been adjusted to eliminate divested businesses for comparison purposes.

Consistent Operating Margin Improvement

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MARKET TRENDS – END MARKETS

	End Market	% of Sales	2019	2020 – 2022 CAGR
	HVAC	43%	↑	LSD
	Combustion	19%	→	LSD
	General Industry	15%	↓	LSD
	Distribution	12%	→	LSD
	Commercial Refrigeration	11%	↓	LSD

Source: IBIS, NEMA, and Freedonia Industry Reports

Stable Growth from Energy Efficiency, Demographics, and Connected Solutions

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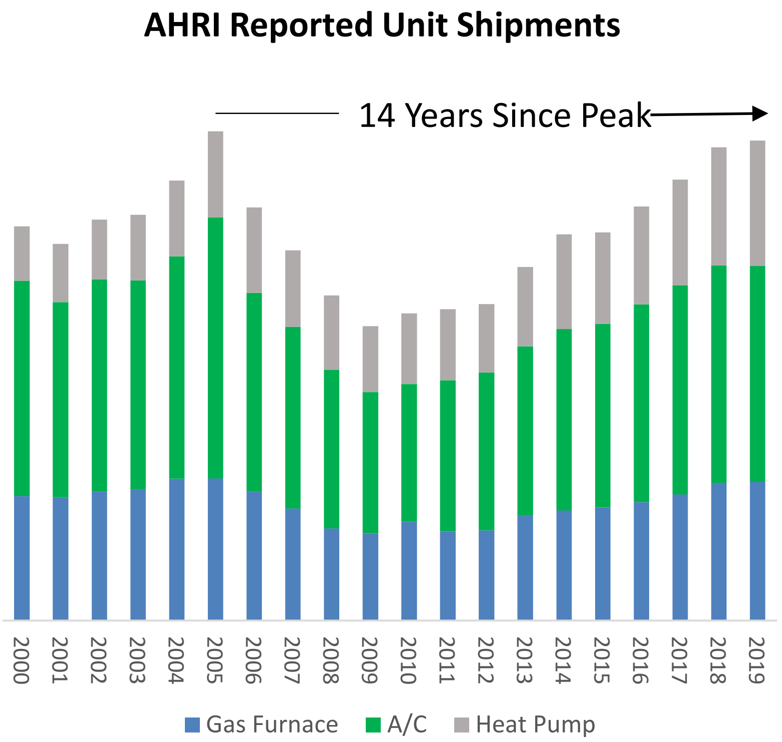
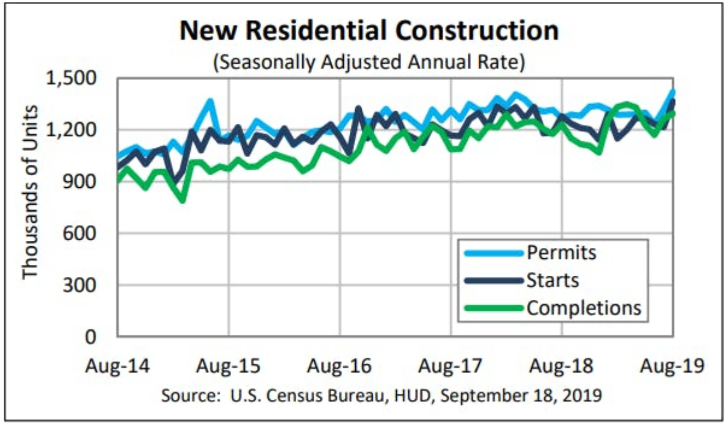
MARKET TRENDS – NORTH AMERICAN HVAC SHIPMENTS





Replacement Cycle in Later Stages While Housing Starts Remain Strong

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DOE 2019 Fan Energy Rating (FER) Regulations Shifting Furnace Blowers from Standard to High-efficiency

- Effective with Product Built 7/1/19 and After
- Requires Increased Efficiency on Residential Gas Furnaces
- 3.4 Million Furnaces Produced in 2018
- Drives Motors to Higher Efficiency ECM

Residential Gas Furnace

Significantly Benefitting from Early Investments in High Efficiency Product Innovation

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DOE 2023 Energy Efficiency Regulation +1 SEER Jump

- Compliance Start Date January 1, 2023
- +1 SEER Jump (National: 14 SEER, SW/SE: 15 SEER)
- Drives Increase in Compressor and Blower Modulation

Air Conditioner, Heat Pump, Air Handler

Over 8 Million Units Require Higher Efficiency Motors / Blowers

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AGENDA

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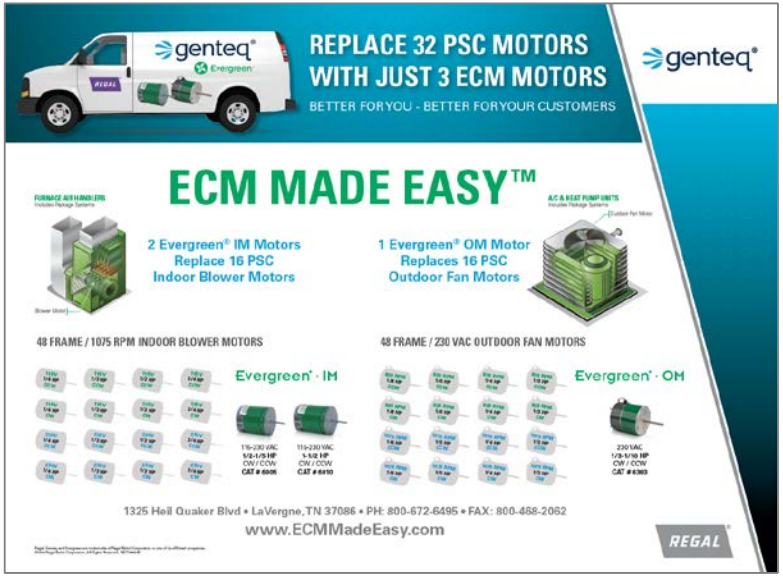
DISTRIBUTION GROWTH DRIVERS



- Enables Contractor to Carry 3 vs. 32 Models
- Significant Inventory Reduction
- Reduction in Contractor Transit Time to Acquire Appropriate Parts
- Higher Value Product for Regal

Productivity Proposition for Contractor, Higher Margin for Regal

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GEOGRAPHIC EXPANSION – GAS PRE-MIX BLOWERS

- Leveraging U.S. Position in ROW
- Sustainability
  - 15 - 25% Reduction In Gas Usage vs Traditional Blowers
  - 75% NO_X Reduction vs Traditional Blowers
- Competitive Differentiation
  - 5-6" Lower Overall Height
  - 16 lbs. Less Weight
  - Capable of Continuous Operation in 60° C Ambient
  - 5 - 10% Higher Performance

Expanding Proven and Sustainable Products to New Regions

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CONNECTED TECHNOLOGY – NEW SERVICE MODEL

- Connected Commercial Refrigeration Technology
- Reduces Risk of Food Spoilage from Outages
- Monetizing Uptime Value Proposition

Solving a Customer Problem Leading to a Recurring Revenue Service Model

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AGENDA

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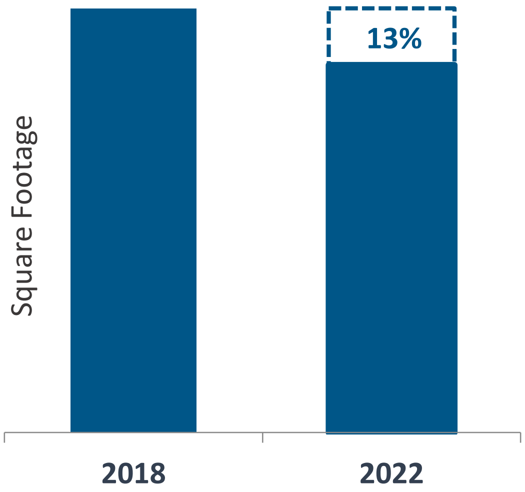
Segment Footprint



Facilities	2018	2022
Facilities	26	21

of Segment Product SKUs

2018	2020	2022
8,000	6,000	5,000

Reducing Global Footprint 13% and Product SKUs ~38% by 2022

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CASE STUDY – AUTOMATION

Before…

4.- Projection Press ← 3.- Notch # 3 ← 2.- Notch # 2 | 4.- Projection Press ← 3.- Notch # 3 ← 2.- Notch # 2

After…

Automatic Press # 1 (Notch 1,2,3 & Projections) | Automatic Press # 2 (Notch 1,2,3 & Projections)

Automation Driving Higher Levels of Productivity and Improving Quality

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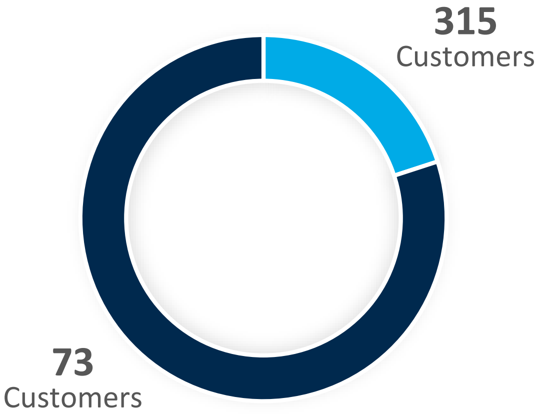
Revenue Profile



Resource Allocation

	73 Customers	315 Customers
Sales Associates	11 Outside	1 Inside
Customer Service Associates	6	1
Engineering Associates	6	0

Aligning Resources to Create Differentiated Customer Experience

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AGENDA

- Brands, Products, & Applications
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- **Summary**

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WHY WE WILL WIN

- Strong Brands, Rich Application Experience
- Track Record of Strong Operating Margin Growth
- Energy Efficiency Regulations Providing Tailwinds
- Connectivity Opportunities for Growth
- 80/20 Is Transforming Our Business

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AGENDA

8:30 – 8:35	Welcome & Introductions	Rob Cherry, VP IR
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11:45 – 12:00	**Summary and Q&A**	

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3-YEAR FINANCIAL PLAN – "THE ROAD TO 300"

3-Year Targets

Organic Growth
Above Industry/Market

250 - 300 bps
Adj. Operating Margin Expansion

Adj. EPS
8% - 10% CAGR

>100% Free Cash Flow Conversion

250 - 300 bps
ROIC Improvement

300 in 3

Creating Sustainable Foundation for Long-Term Value Creation

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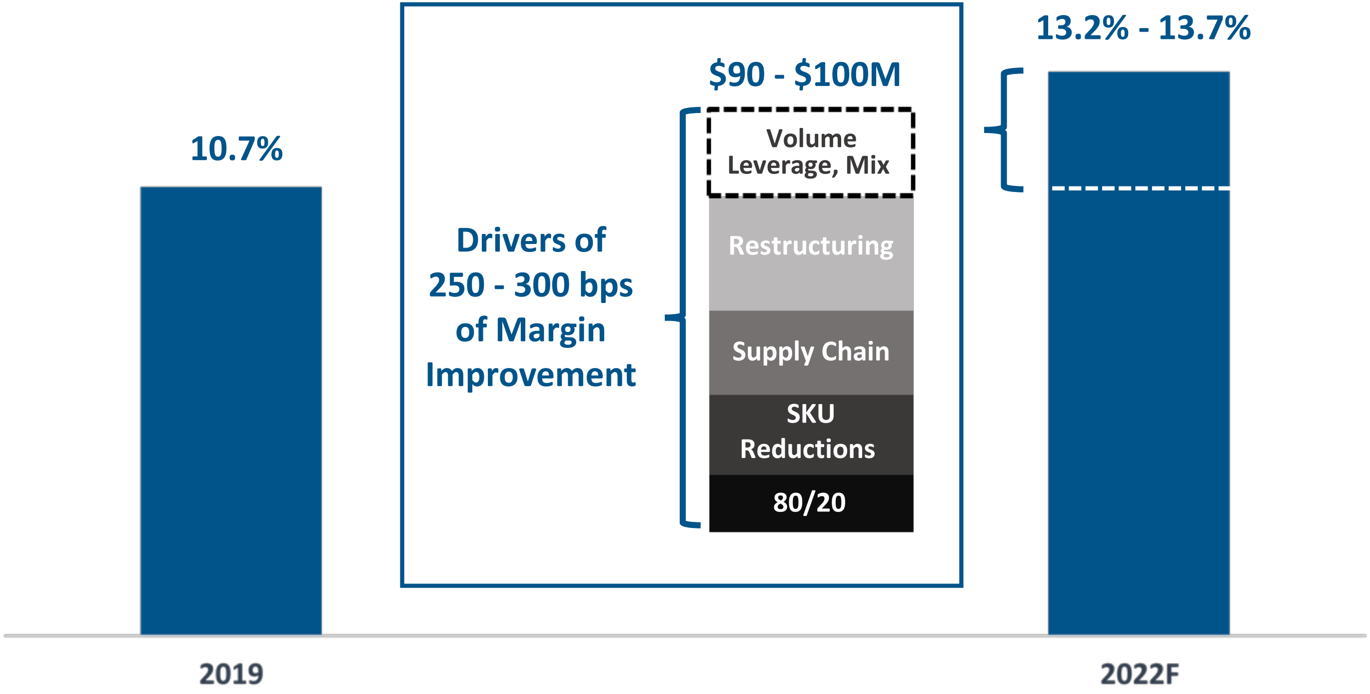
3-Year Adj. Operating Margin* Improvement



300 in 3

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

Clear Path to Shareholder Value Creation

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SUMMARY

- Growth From Energy Efficiency, Electrification and Digital Connectivity
- Leading Brands, Installed Base, and Differentiated Technology
- Global Manufacturing Footprint Enables Efficiency and Flexibility
- 80/20 Driving Margin Enhancement on Our Road to 300 in 3
- Strong Free Cash Flow Combined with Balanced Capital Allocation
- Sustainability is Fundamental to Both Our Products and Our Operations

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Question & Answer Session

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Appendix

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ADJUSTED DILUTED EARNINGS PER SHARE

	Three Months Ended		Twelve Months Ended	
	Dec 28, 2019	Dec 29, 2018	**Dec 28, 2019**	Dec 29, 2018
GAAP Diluted Earnings Per Share	**$ 0.89**	$ 1.28	**$ 5.66**	$ 5.26
Restructuring and Related Costs	**0.33**	0.04	**0.57**	0.13
Purchase Accounting and Transaction Costs	**—**	—	**—**	0.09
(Gain) Loss on Businesses Divested and Assets to be Exited	**0.01**	—	**(0.69)**	0.61
Net (Income) Loss from Businesses Divested/to be Exited	**0.01**	(0.11)	**(0.07)**	(0.40)
Executive Transition Costs	**0.07**	0.07	**0.08**	0.07
Gain on Sale of Assets	**(0.06)**	(0.04)	**(0.06)**	(0.04)
Impact of the New US Tax Legislation	**—**	0.07	**—**	(0.08)
Adjusted Diluted Earnings Per Share	**$ 1.25**	$ 1.31	**$ 5.49**	$ 5.64

2020 ADJUSTED ANNUAL GUIDANCE

	Minimum	Maximum
2020 Diluted EPS Annual Guidance	$ 5.35	$ 5.75
Restructuring and Related Costs	0.28	0.28
Gain on Businesses Divested and Assets to be Exited	(0.01)	(0.01)
Executive Transition Costs	0.03	0.03
2020 Adjusted Diluted EPS Annual Guidance	$ 5.65	$ 6.05

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APPENDIX

ADJUSTED NET SALES (Dollars in Millions)	Commercial Systems		Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
Twelve Months Ended	Dec 28, 2019	Dec 29, 2018	Dec 28, 2019	Dec 29, 2018	Dec 28, 2019	Dec 29, 2018	Dec 28, 2019	Dec 29, 2018	Dec 28, 2019	Dec 29, 2018
Net Sales	**$ 905.3**	$ 1,110.9	**$ 575.4**	$ 671.1	**$ 968.5**	$ 1,024.8	**$ 788.8**	$ 838.8	**$ 3,238.0**	$ 3,645.6
Nets Sales from Businesses Divested/to be Exited	**(25.0)**	(175.5)	**-**	(6.3)	**(22.2)**	(61.7)	**(5.6)**	(19.9)	**(52.8)**	(263.4)
Adjusted Net Sales	**$ 880.3**	$ 935.4	**$ 575.4**	$ 664.8	**$ 946.3**	$ 963.1	**$ 783.2**	$ 818.9	**$ 3,185.2**	$ 3,382.2

ADJUSTED INCOME FROM OPERATIONS (Dollars in Millions)	Commercial Systems		Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
Twelve Months Ended	Dec 28, 2019	Dec 29, 2018	Dec 28, 2019	Dec 29, 2018	Dec 28, 2019	Dec 29, 2018	Dec 28, 2019	Dec 29, 2018	Dec 28, 2019	Dec 29, 2018
GAAP Income (Loss) from Operations	**$ 103.1**	$ 102.2	**$ (9.3)**	$ 24.8	**$ 163.9**	$ 115.6	**$ 93.4**	$ 104.4	**$ 351.1**	$ 347.0
Restructuring and Related Costs	**11.8**	2.9	**8.4**	2.7	**4.2**	1.8	**6.9**	0.3	**31.3**	7.7
Purchase Accounting and Transaction Costs	**0.1**	5.4	**-**	-	**-**	-	**-**	-	**0.1**	5.4
(Gain) Loss on Businesses Divested and Assets to be Exited	**(32.6)**	-	**1.0**	-	**(4.7)**	34.9	**1.6**	-	**(34.7)**	34.9
Gain on Sale of Assets	**-**	(1.5)	**-**	-	**(3.8)**	(0.7)	**-**	-	**(3.8)**	(2.2)
Operating (Income) Loss from Businesses Divested/to be Exited	**(3.3)**	(17.1)	**-**	0.5	**(0.5)**	(6.8)	**(0.3)**	(0.5)	**(4.1)**	(23.9)
Executive Transition Costs	**0.6**	1.1	**0.5**	0.7	**0.6**	1.1	**0.5**	0.9	**2.2**	3.8
Adjusted Income from Operations	**$ 79.7**	$ 93.0	**$ 0.6**	$ 28.7	**$ 159.7**	$ 145.9	**$ 102.1**	$ 105.1	**$ 342.1**	$ 372.7
GAAP Operating Margin %	**11.4 %**	9.2 %	**(1.6)%**	3.7 %	**16.9 %**	11.3 %	**11.8 %**	12.4 %	**10.8 %**	9.5 %
Adjusted Operating Margin %	**9.1 %**	9.9 %	**0.1 %**	4.3 %	**16.9 %**	15.1 %	**13.0 %**	12.8 %	**10.7 %**	11.0 %

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APPENDIX

FREE CASH FLOW (Dollars in Millions)	**Three Months Ended**		**Twelve Months Ended**	
	Dec 28, 2019	Dec 29, 2018	**Dec 28, 2019**	Dec 29, 2018
Net Cash Provided by Operating Activities	**$137.3**	$ 112.4	**$408.5**	$ 362.7
Additions to Property Plant and Equipment	**(15.1)**	(18.4)	**(92.4)**	(77.6)
Free Cash Flow	**$ 122.2**	$ 94.0	**$ 316.1**	$ 285.1
GAAP Net Income Attributable to Regal Beloit Corporation	**$ 36.7**	$ 55.6	**$ 238.9**	$ 231.2
(Gain) Loss on Businesses Divested and Impairments	**0.5**	-	**(34.7)**	18.2
Tax Effect from (Gain) Loss on Businesses Divested and Impairments	**(0.1)**	-	**5.4**	(4.0)
Adjusted Net Income Attributable to Regal Beloit Corporation	**$ 37.1**	$ 55.6	**$ 209.6**	$ 245.4
Free Cash Flow as a Percentage of Adjusted Net Income Attributable to Regal Beloit Corporation	**329.4 %**	169.1 %	**150.8 %**	116.2 %

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TOTAL NET DEBT/EBITDA

(Dollars in Millions)

	LTM Dec 28, 2019
Net Income	$ 242.6
Plus: Taxes	61.2
Plus: Interest Expense	53.0
Less: Interest Income	(5.6)
Plus: Depreciation and Amortization	134.5
Adjusted EBITDA	**$ 485.7**
Current Maturities of Debt	$ 0.6
Long-Term Debt	1,136.9
Less: Cash	(331.4)
Total Net Debt	**$ 806.1**
Total Net Debt/Adjusted EBITDA	**1.7**

TOTAL NET DEBT/ADJUSTED EBITDA

(Dollars in Millions)

	LTM Dec 28, 2019
Net Income	$ 242.6
Plus: Taxes	61.2
Plus: Interest Expense	53.0
Less: Interest Income	(5.6)
Plus: Depreciation and Amortization	134.5
Plus: Restructuring and Related Costs	31.3
Plus: Purchase Accounting & Transaction Costs	0.1
Plus: Impairment and Exit Related Costs	10.0
Plus: Executive Transition Costs	2.2
Less: Operating Income from Businesses Divested/to be Exited	(4.1)
Less: Gain on Sale of Assets	(3.8)
Less: Gain on Divestiture of Business	(44.7)
Adjusted EBITDA	**$ 476.7**
Current Maturities of Debt	$ 0.6
Long-Term Debt	1,136.9
Less: Cash	(331.4)
Total Net Debt	**$ 806.1**
Total Net Debt/Adjusted EBITDA	**1.7**

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APPENDIX

OPERATING LEVERAGE-COMMERCIAL SYSTEMS	Three Months Ended			Twelve Months Ended		
(Dollars in Millions)	**Dec 28, 2019**	Dec 29, 2018	Change	**Dec 28, 2019**	Dec 29, 2018	Change
GAAP Income from Operations	**$ 7.9**	$ 27.7	$ (19.8)	**$ 103.1**	$ 102.2	$ 0.9
Adjusted Income from Operations	**$ 15.1**	$ 23.6	$ (8.5)	**$ 79.7**	$ 93.0	$ (13.3)
2019 Corporate Allocation to 2018 Acquisition	**$ 1.3**	$ —		**$ 5.4**	$ —	
Adjusted Income from Operations Excluding Corporate Allocation to 2018 Acquisition	**$ 16.4**	$ 23.6	$ (7.2)	**$ 85.1**	$ 93.0	$ (7.9)
Net Sales	**$ 202.0**	$ 273.2	$ (71.2)	**$ 905.3**	$ 1,110.9	$ (205.6)
Adjusted Net Sales	**$ 202.0**	$ 227.1	$ (25.1)	**$ 880.3**	$ 935.4	$ (55.1)
GAAP Operating Leverage			27.8 %			(0.4)%
Adjusted Operating Leverage			33.9 %			24.1 %
Adjusted Operating Leverage Excluding Corporate Allocation to 2018 Acquisition			28.7 %			14.3 %

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