

Regal 
Rexnord™

REGAL REXNORD'S ACQUISITION OF ALTRA INDUSTRIAL MOTION

October 27th, 2022

FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which reflect Regal Rexnord's current estimates, expectations and projections about Regal Rexnord's future results, performance, prospects and opportunities. Such forward-looking statements may include, among other things, statements about the proposed acquisition of Altra Industrial Motion, ("Altra"), the benefits and synergies of the proposed acquisition, future opportunities for Regal Rexnord and the combined company, and any other statements regarding Regal Rexnord's, Altra's and the combined company's future operations, anticipated economic activity, business levels, credit ratings, future earnings, planned activities, anticipated growth, market opportunities, strategies, competition and other expectations and estimates for future periods. Forward-looking statements include statements that are not historical facts and can be identified by forward-looking words such as "anticipate," "believe," "confident," "estimate," "expect," "intend," "plan," "target," "may," "will," "project," "forecast," "would," "could," "should," and similar expressions. These forward-looking statements are based upon information currently available to Regal Rexnord and are subject to a number of risks, uncertainties, and other factors that could cause actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Important factors that could cause Regal Rexnord's, Altra's or the combined company's actual results to differ materially from the results referred to in the forward-looking statements Regal Rexnord makes in this presentation include: the possibility that the conditions to the consummation of the proposed acquisition of Altra (the "Proposed Acquisition") will not be satisfied on the terms or timeline expected, or at all; failure to obtain, or delays in obtaining, or adverse conditions related to obtaining shareholder or regulatory approvals sought in connection with the Proposed Acquisition; failure to achieve the proposed debt financing necessary for the Proposed Acquisition on the desired terms, or at all; Regal Rexnord's substantial indebtedness as a result of the Proposed Acquisition and the effects of such indebtedness on the combined company's financial flexibility after the Proposed Acquisition; Regal Rexnord's ability to achieve its objectives on reducing its indebtedness on the desired timeline; dependence on key suppliers and the potential effects of supply disruptions; fluctuations in commodity prices and raw material costs; any unforeseen changes to or the effects on liabilities, future capital expenditures, revenue, expenses, synergies, indebtedness, financial condition, losses and future prospects; the possibility that Regal Rexnord may be unable to achieve expected benefits, synergies and operating efficiencies in connection with the acquisition of Altra, the merger with the Rexnord Process & Motion Control business (the "Rexnord PMC business") and the acquisition of Arrowhead Systems, LLC ("Arrowhead") (together with the Proposed Acquisition and the merger with the Rexnord PMC business, the "Transactions") within the expected time-frames or at all and to successfully integrate Altra, the Rexnord PMC business and Arrowhead; Regal Rexnord's ability to identify and execute on future M&A opportunities, including significant M&A transactions; the impact of any such M&A transactions on Regal Rexnord's results, operations and financial condition, including the impact from costs to execute and finance any such transactions; expected or targeted future financial and operating performance and results; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) being greater than expected following the Transactions; Regal Rexnord's ability to retain key executives and employees; the continued financial and operational impacts of and uncertainties relating to the COVID-19 pandemic on customers and suppliers and the geographies in which they operate; uncertainties regarding the ability to execute restructuring plans within expected costs and timing; challenges to the tax treatment that was elected with respect to the acquisition of the Rexnord PMC business and related transactions; requirements to abide by potentially significant restrictions with respect to the tax treatment of the Rexnord PMC business which could limit Regal Rexnord's ability to undertake certain corporate actions that otherwise could be advantageous; actions taken by competitors and their ability to effectively compete in the increasingly competitive global electric motor, drives and controls, power generation and power transmission industries; the 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 geographic locations in which Regal Rexnord does business; dependence on significant customers; seasonal impact on sales of products into HVAC systems and other residential applications; risks associated with global manufacturing, including public health crises and political, societal or economic instability, including instability caused by the conflict between Russia and Ukraine; issues and costs arising from the integration of acquired companies and businesses and the timing and impact of purchase accounting adjustments; Regal Rexnord's overall debt levels and its ability to repay principal and interest on its outstanding debt; prolonged declines in one or more markets, such as heating, ventilation, air conditioning, refrigeration, power generation, oil and gas, unit material handling, water heating and aerospace; economic changes in global markets, such as reduced demand for products, 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 Regal Rexnord cannot control; product liability, asbestos and other litigation, or claims by end users, government agencies or others that products or customers' applications failed to perform as anticipated, particularly in high volume applications or where such failures are alleged to be the cause of property or casualty claims; unanticipated liabilities of acquired businesses; unanticipated adverse effects or liabilities from business exits or divestitures; unanticipated costs or expenses that may be incurred related to product warranty issues; infringement of intellectual property by third parties, challenges to intellectual property, and claims of infringement on third party technologies; effects on earnings of any significant impairment of goodwill; losses from failures, breaches, attacks or disclosures involving 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 the section entitled "Risk Factors" in Regal Rexnord's Annual Report on Form 10-K on file with the SEC and from time to time in other filed reports including Regal Rexnord's Quarterly Reports on Form 10-Q. For a more detailed description of the risk factors associated with Regal Rexnord, please refer to Part I, Item 1A in the Regal Rexnord Annual Report on Form 10-K for the fiscal year ended January 1, 2022 on file with the SEC and subsequent SEC filings. Shareholders, potential investors, and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included in this presentation are made only as of the date of this presentation and Regal Rexnord undertakes no obligation to update any forward-looking information contained in this presentation or with respect to the announcements described herein to reflect subsequent events or circumstances.

NON-GAAP FINANCIAL MEASURES

We prepare financial statements in accordance with accounting principles generally accepted in the United States of America (“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: adjusted diluted earnings per share and adjusted diluted earnings per share annual guidance. We believe that these non-GAAP financial measures are useful measures for providing investors with additional information for helping investors understand and compare our operating results across accounting periods and compared to our peers. Our management primarily uses adjusted diluted earnings per share and adjusted diluted earnings per share annual guidance to help us evaluate our business and forecast our future results. Accordingly, we believe disclosing each of these measures helps investors evaluate our business in the same manner as management. For forward-looking non-GAAP measures (as used in this presentation, adjusted EBITDA, adjusted EBITDA margin, adjusted earnings per share, adjusted gross margin, net leverage, net debt, bank adjusted EBITDA and free cash flow), we are unable to provide a reconciliation to the most comparable GAAP financial measure because the information needed to reconcile these measures is dependent upon future events, many of which are outside of management’s control as described under the heading “Forward Looking Statements” elsewhere in this presentation. Additionally, estimating such GAAP measures and providing a meaningful reconciliation consistent with our accounting policies for future periods is extremely difficult and requires a level of precision that is unavailable for these future periods and cannot be accomplished without unreasonable effort. Forward-looking non-GAAP measures are estimated consistent with the relevant definitions and assumptions, except as otherwise noted.

TODAY'S PRESENTERS



LOUIS PINKHAM
Chief Executive Officer



ROB REHARD
Chief Financial Officer

CONTINUING REGAL REXNORD'S TRANSFORMATION JOURNEY



Global player in energy efficient electronic motors, air handling sub-systems, and motion control solutions

Motion control and automation technology innovator with leading positions in secular growth markets

Creates Meaningful Automation Player, Enhances Industrial Powertrain Offering

Broadens Regal Rexnord's offering to enhance value for customers, investors, and associates

✓ **GDP+ Growth**

\$160M In Expected Cost Synergies And Significant Customer Benefits

Additional upside from cross-marketing opportunities; customers benefit from complete motion control, motors and automation platform

✓ **Highly Attractive Margin Profile**

Substantial Value Creation And Financial Returns

ROIC expected to exceed 10% by Year 5¹, expected to be accretive to adj. EPS in Year 1 and double-digit thereafter, targeted net leverage of 2.5x-3.0x² in 2024

✓ **Disciplined Approach To Capital Deployment**

1. Includes contribution from cost and cross-marketing synergies

2. Net leverage defined as Net Debt / Adj. EBITDA

EXPECT COMPELLING VALUE CREATION FOR OUR SHAREHOLDERS

RegalRexnord + **Altra**
Motion

2022E*

~\$7.2B
Revenue

~\$1.5B
Adj. EBITDA¹

~21%
Adj. EBITDA
Margin¹

2025E*

~\$8.3B
Revenue

~\$2.1B
Adj. EBITDA

>25%
Adj. EBITDA
Margin

Attractive Financial Impact

~40%

Combined 2025E
adj. gross margin

**Accretive in
first year**

to Adj. EPS, with double digit
accretion expected thereafter

~\$160M

Cost synergies in
Year 4

~100%

Free Cash Flow
conversion

~500bp

EBITDA margin
expansion opportunity

>35%

Secular growth exposure
of combined entity

>10%²

ROIC in Year 5

~\$2.3B³

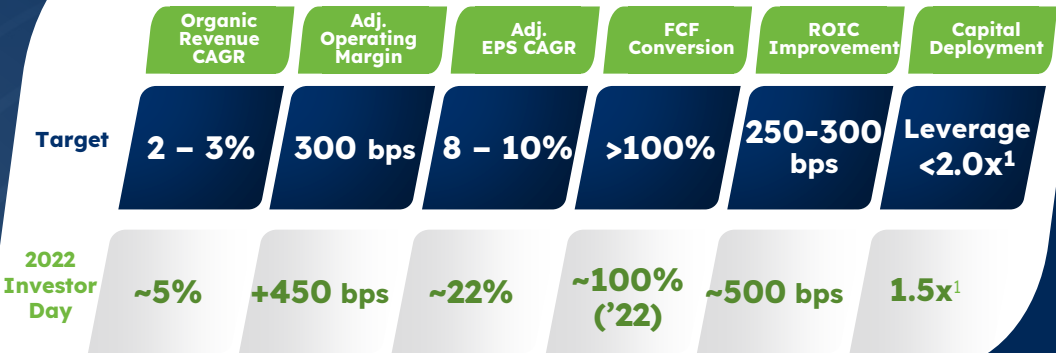
Record combined backlog

REGAL REXNORD HAS A STRONG TRACK RECORD OF EXECUTION AND OUTPERFORMANCE

Outperforming on total shareholder returns...

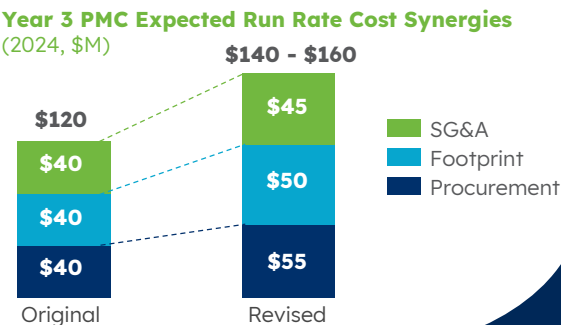


...exceeded FY20 Investor Day targets...



...and tracking ahead on PMC merger integration and synergy realization

	EXCEPTION AT ANNOUNCEMENT (2/2021)	EXCEPTION AT CLOSE (10/2021)	2022 INVESTOR DAY EXPECTATIONS	TRACKING
Net Sales (2022)	~\$4.5B	\$5.0B	\$5.2B	Ahead
Adj. Gross Margin (2022)	~33%	Unchanged	~33%	On Track
Adj. EBITDA (2022)	~\$0.94B	>\$1.0B	>\$1.1B	Ahead
Adj. EBITDA Margin (2022)	~21%	Unchanged	>21%	Ahead
Cost Synergies (By Year 3)	\$120M	Unchanged	~\$140M - 160M	Ahead
ROIC	>10% By Year 5	Unchanged	>10% By Year 4	Ahead



Proven Ability To Create Value Through Portfolio Transformation

HIGHLY STRATEGIC TRANSACTION WITH EXPECTED COMPELLING VALUE CREATION

- ✓ Transforms global automation solutions capabilities and enhances industrial powertrain portfolio
- ✓ Accelerates digital and IIoT strategy
- ✓ Strong shared culture of focus on serving customers and driving efficiency
- ✓ Meaningfully increases exposure to GDP+ growth markets with significant secular tailwinds
- ✓ Significant cost synergies, worth at least \$160M annually, with upside from cross-marketing opportunities
- ✓ ROIC expected to exceed 10% by Year 5
- ✓ Expected to be accretive to adjusted EPS in Year 1 and double-digit thereafter
- ✓ Robust FCF generation with expected deleveraging to 2.5x – 3.0x¹ in 2024

TRANSACTION OVERVIEW

Consideration and Valuation

- Regal Rexnord to acquire 100% of Altra for \$62.00 / share, implying ~\$4.09B equity value and \$4.95B firm value¹
- Represents 13.6x 9/30/22 LTM Adj. EBITDA multiple, 9.5x including estimated run-rate cost synergies²
- 100% cash consideration, financed with existing cash and new debt

Financial Impact

- Expected to be accretive to Adj. EPS in Year 1, with double digit accretion expected thereafter
- Run-rate cost synergies of \$160M expected
- Significant upside from cross-marketing opportunities expected
- ROIC expected to exceed 10% by Year 5³
- Generate anticipated free cash flow greater than \$820M in first full calendar year

Financing

- J.P. Morgan to provide a committed bridge financing package of \$7.5bn to fund the acquisition and re-finance existing debt
- ~3.9x net leverage⁴ expected at closing, decreasing to 2.5x – 3.0x in 2024
- Combined company committed to deleveraging and continuing a disciplined capital allocation policy

Timing

- Expected to close in the first half of 2023
- Transaction subject to regulatory approvals, Altra shareholder approval, and customary closing conditions

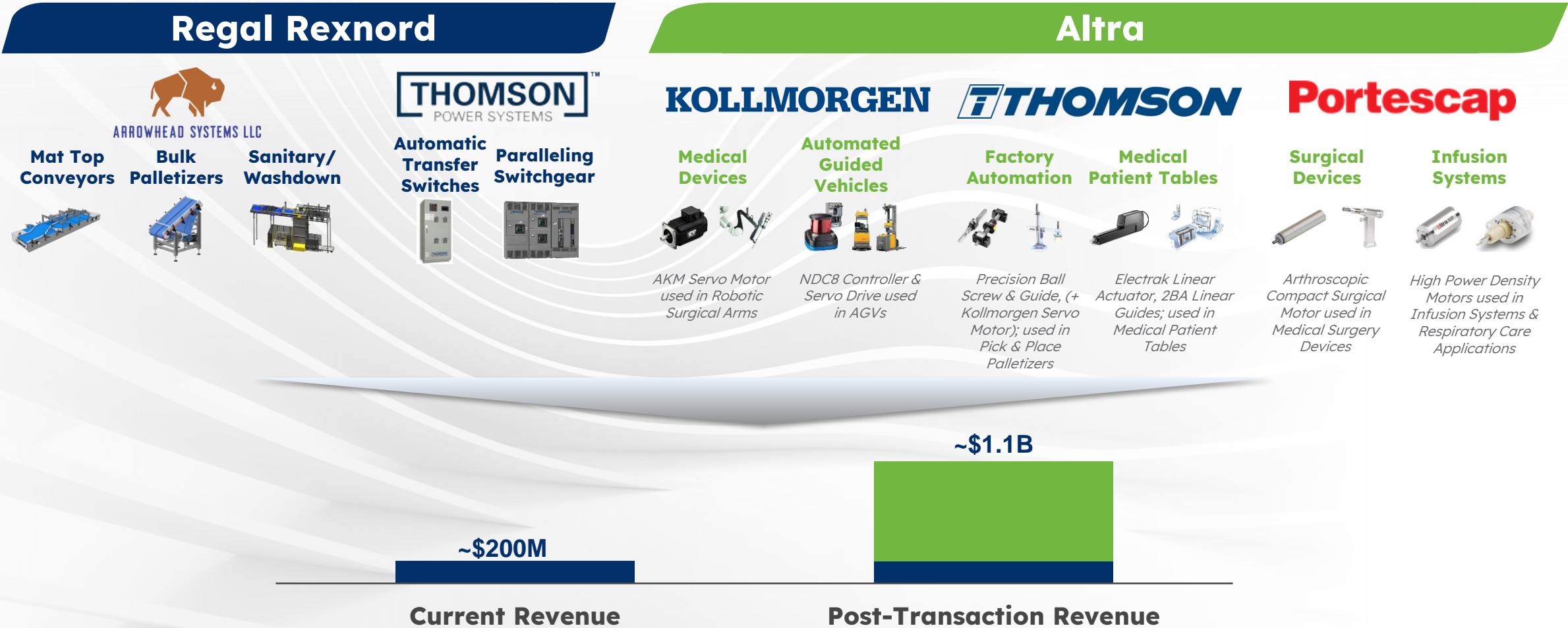
1. Includes \$860M net debt as of 9/30/2022

2. Multiples are Pro Forma for Altra's acquisition of Nook and divestiture of Jacob Vehicle Systems

3. Includes contribution from cost and cross-marketing synergies

4. Net leverage defined as Net Debt / Adj. EBITDA. Estimated net leverage at close with credit for 50% of run-rate cost synergies, subject to market conditions and timeline to close

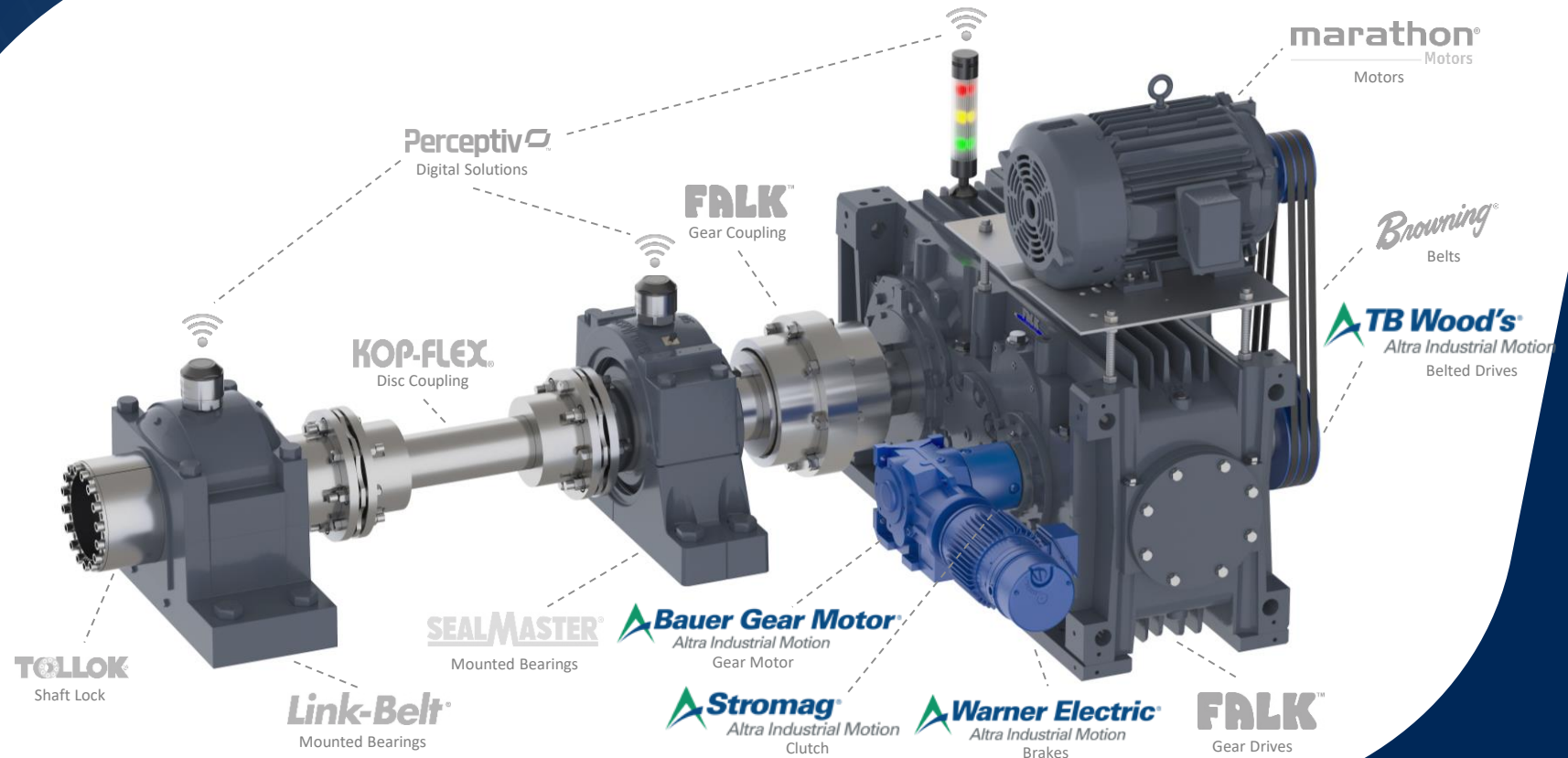
ALTRA'S AUTOMATION AND SPECIALTY SEGMENT UNLOCKS NEW HIGH GROWTH FOCUS AREAS FOR REGAL REXNORD



Automation & Specialty Focused Businesses Comprise >15% Of PF Regal Rexnord With >70% Secular End-Market Exposure

Note: Revenue figures are approximate and based on 2021

ENHANCES INDUSTRIAL POWERTRAIN OFFERING

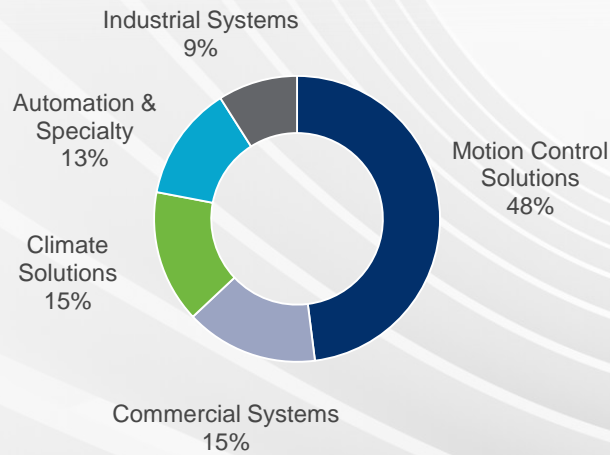


Addition Of Altra's Complementary Power Transmission Portfolio Expected To Create A More Compelling Offering For Our Customers

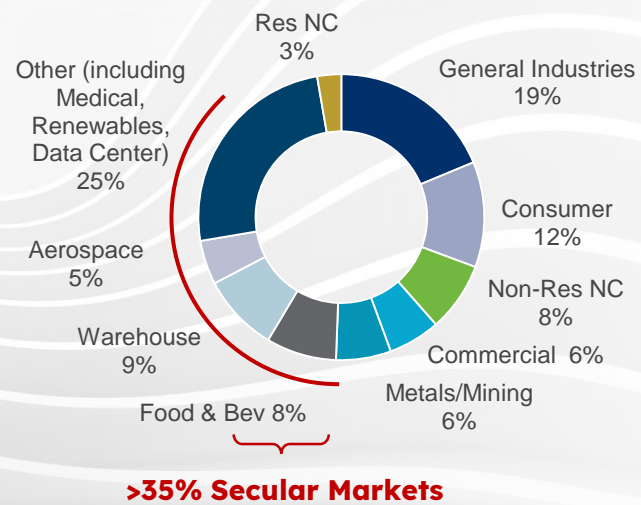
A STRONGER PORTFOLIO FOR THE FUTURE

Regal Rexnord +
Altra Revenue Mix

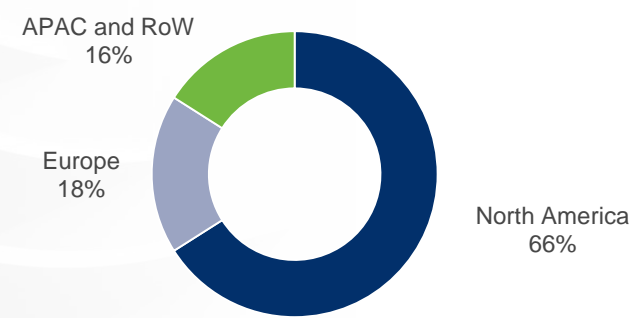
Segments



End-Markets



Geography



Expands Core MCS, Adds
Automation Segment

Shifting Growth To
More Secular Markets

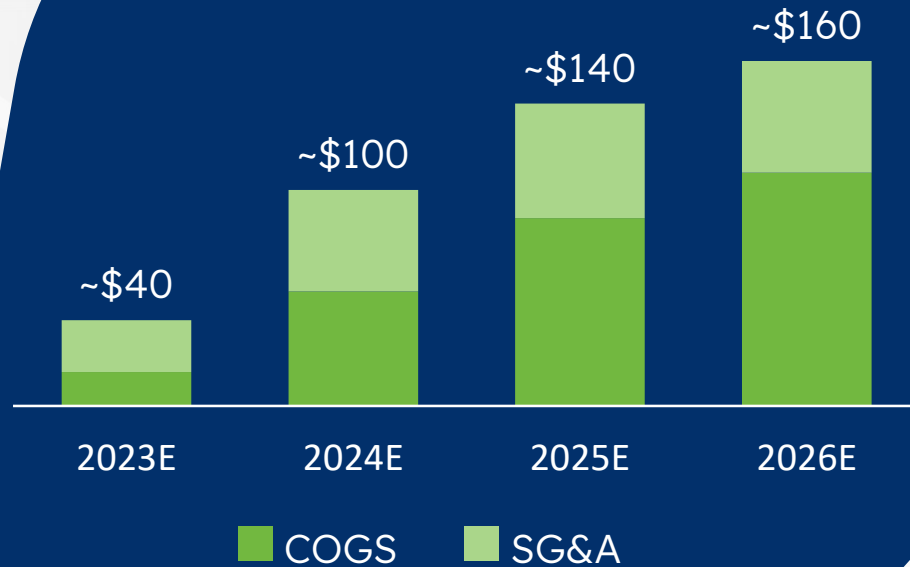
Enhances Global
Platform

Greater End Market Diversity, Increased Secular Exposure, Expanded Global Reach

Note: Segmentation based on 2021 Revenue Data, Regal Rexnord Data Pro Forma For Rexnord PMC & Arrowhead; Altra data Pro Forma for Nook acquisition and Jacob Vehicle Systems divestiture

COMPELLING SYNERGY POTENTIAL

Significant Cost Synergies (\$M)¹



Material Cross-Marketing Opportunities

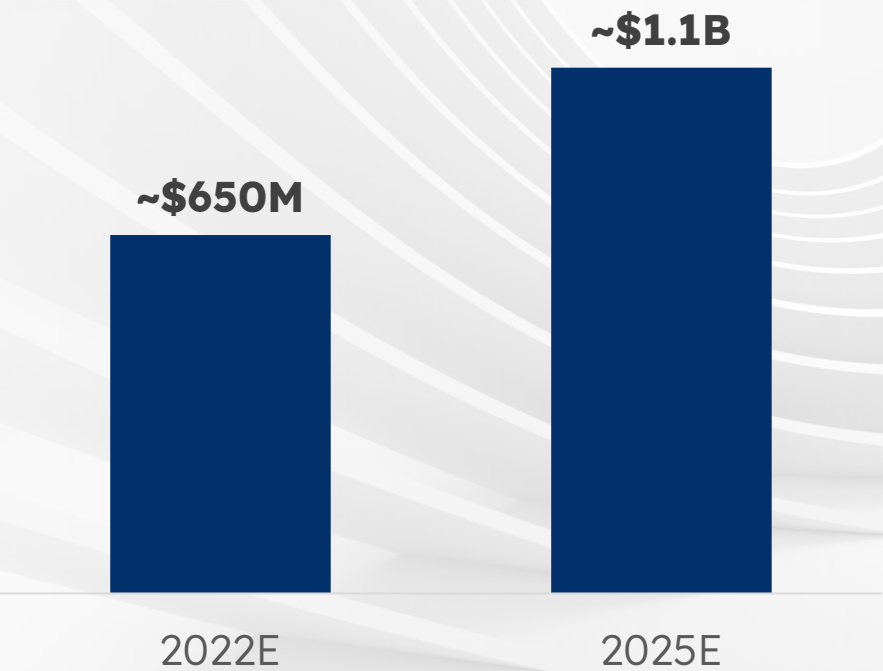
- Opportunity to create new sub-systems including the industrial powertrain
- Geographic expansion, access to new markets and customers
- Shared distribution channels
- Deployment of complementary products and services
- Strengthens digital capabilities

Leverages Our 80/20 Playbook, Lean Capabilities, And PDCA² Management Approach To Optimize Altra's Operating Model

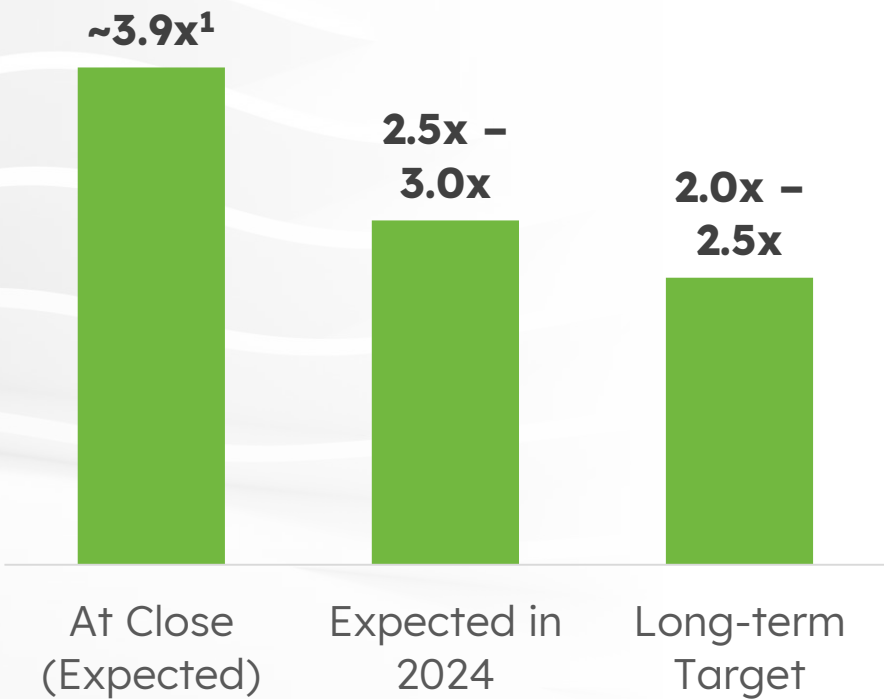
1. \$160M represents run-rate expected cost synergies
2. Plan-Do-Check-Act

ENHANCED FREE CASH FLOW GENERATION EXPEDITES DELEVERAGING

Pro Forma Free Cash Flow



Pro Forma Net Leverage



Expected FCF Conversion ~100% And Targeted Leverage Of 2.5x To 3.0x In 2024

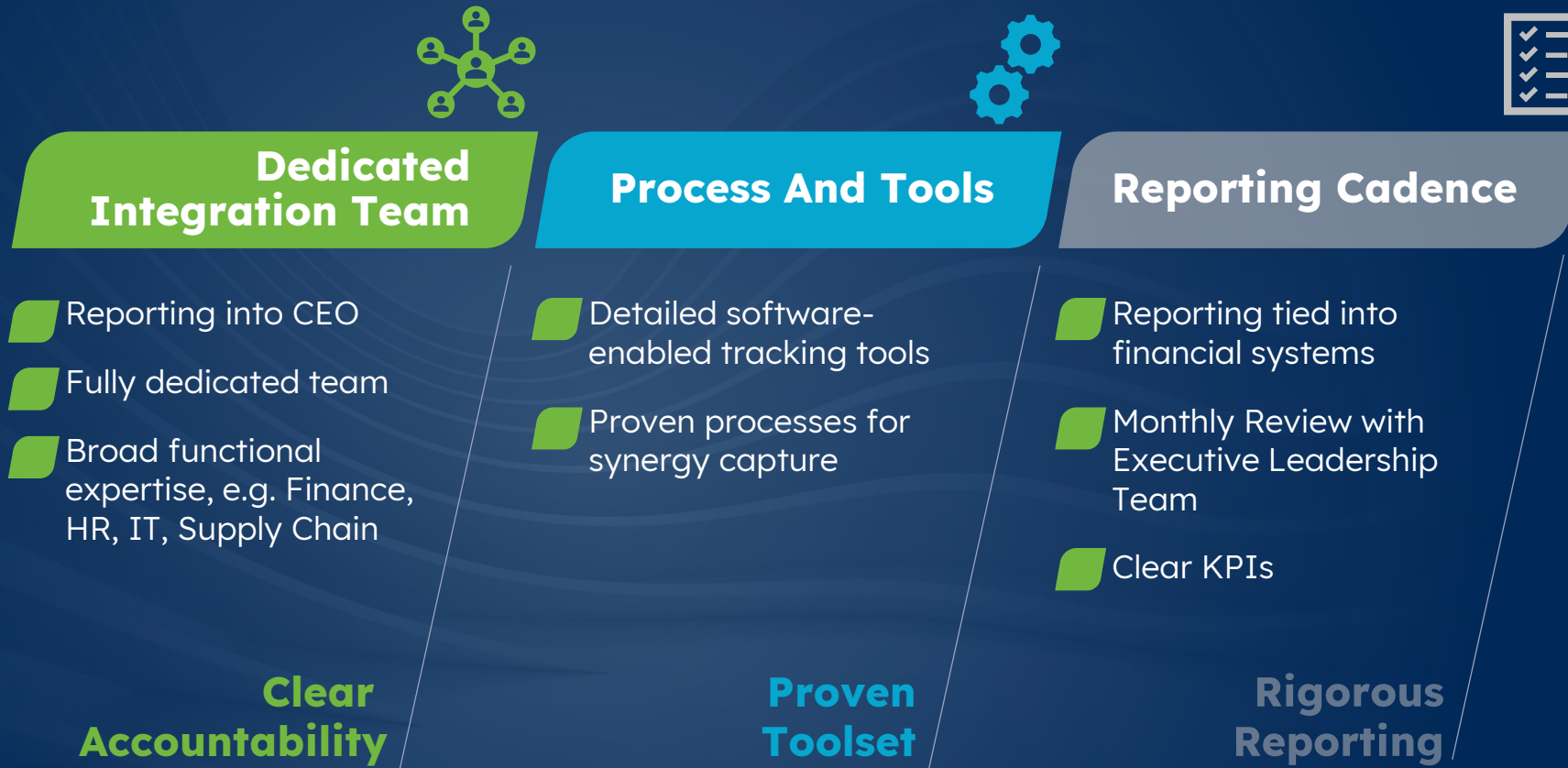
Note: Net leverage defined as Net Debt / Adj. EBITDA
1. Estimated net leverage at close with credit for 50% of run-rate cost synergies, subject to market conditions and timeline to close

ALIGNED WITH REGAL REXNORD'S M&A CRITERIA



Altra Acquisition Perfectly Aligns With Regal Rexnord's M&A Framework

PROVEN APPROACH TO INTEGRATION



Established Integration Team In Place And Ready To Drive Synergy Capture

EXPECTED REGAL REXNORD IN 2025

	Revenue	Adjusted Gross Margin	Adjusted EBITDA Margin ¹	Adjusted EPS	Annual Free Cash Flow	Secular End Market Exposure
Shared At Investor Day 2022	>\$6B	~37%	~25%	~\$15	~\$1B	>35%
Current 2025E Expected	~\$8.3B	~40%	>25%	~\$18	~\$1.1B	>40%

Updating Target Metrics From Investor Day For Altra Acquisition

1. Adjusted EBITDA excluding stock-based compensation

HIGHLY STRATEGIC TRANSACTION WITH EXPECTED COMPELLING VALUE CREATION

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APPENDIX

ALTRA SNAPSHOT

~\$1.9B

Net Sales
LTM Sep 30, 2022¹

~19.5%

Adj. EBITDA Margin
LTM Sep 30, 2022¹

~\$0.95B

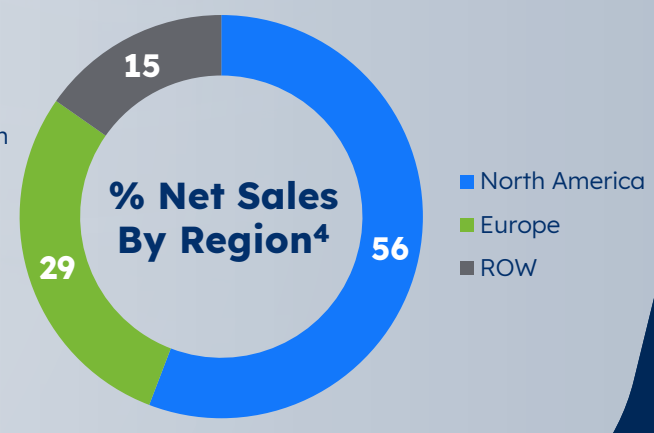
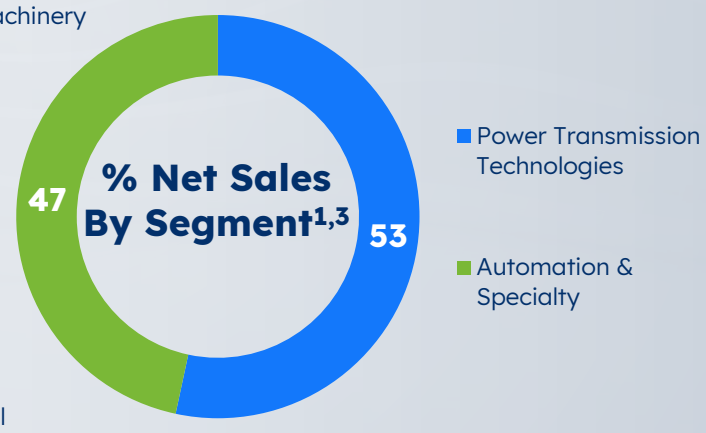
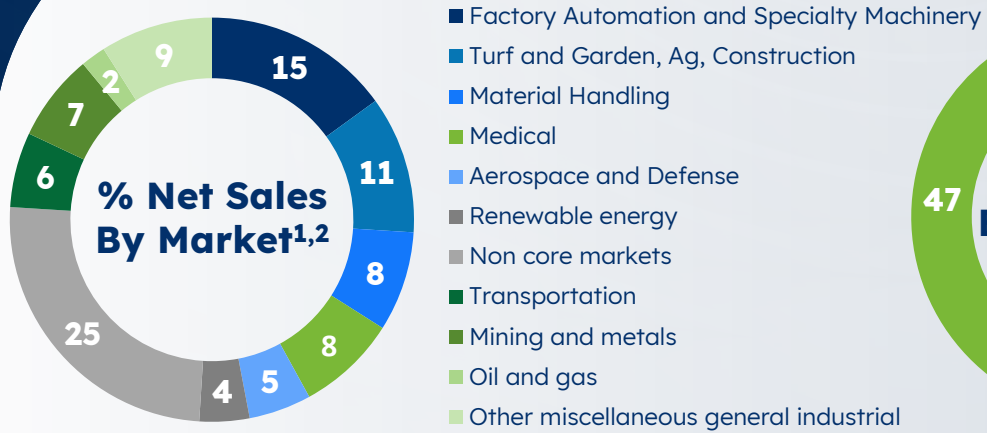
Backlog
June 30, 2022

~9,600

Employees
Dec 31, 2021

49

Manufacturing Sites
Dec 31, 2021



Source: Company Filings.

1. PF For Divestiture Of JVS.

2. Percent Of LTM Jun 30, 2022 Net Sales.

3. Percent Of LTM Jun 30, 2022 Net Sales Including Inter-segment Sales.

4. Percent Of LTM Jun 30, 2022 Reported Net Sales, Which Include JVS Through 4/8/2022 And Nook Beginning 12/31/2021.

SEGMENT SNAPSHOTS

Power Transmission Technologies



Gear drives and gear motors



Engineered couplings and universal joints



Clutches and brakes

Renewables



Tidal turbine



Turf & Ag



Robotic arms



Cranes



Elevators



'19-'21 Net Sales CAGR¹: ~1%
'21 Adj. EBIT margin: 14.8%

Automation & Specialty

KOLLMORGEN



Portescap



Precision motors and automation



Linear systems



Miniature motors

Medical Devices



Automated Guided Vehicles



Surgical Devices



Factory Automation



Medical Patient Tables



Conveyance



'19-'21 Net Sales CAGR^{1,2}: >3%
'21 Adj. EBIT margin²: 20.4%

Source: Company Filings.
 1. Not Adjusted For Inter-segment Sales.
 2. PF For JVS Divestiture.