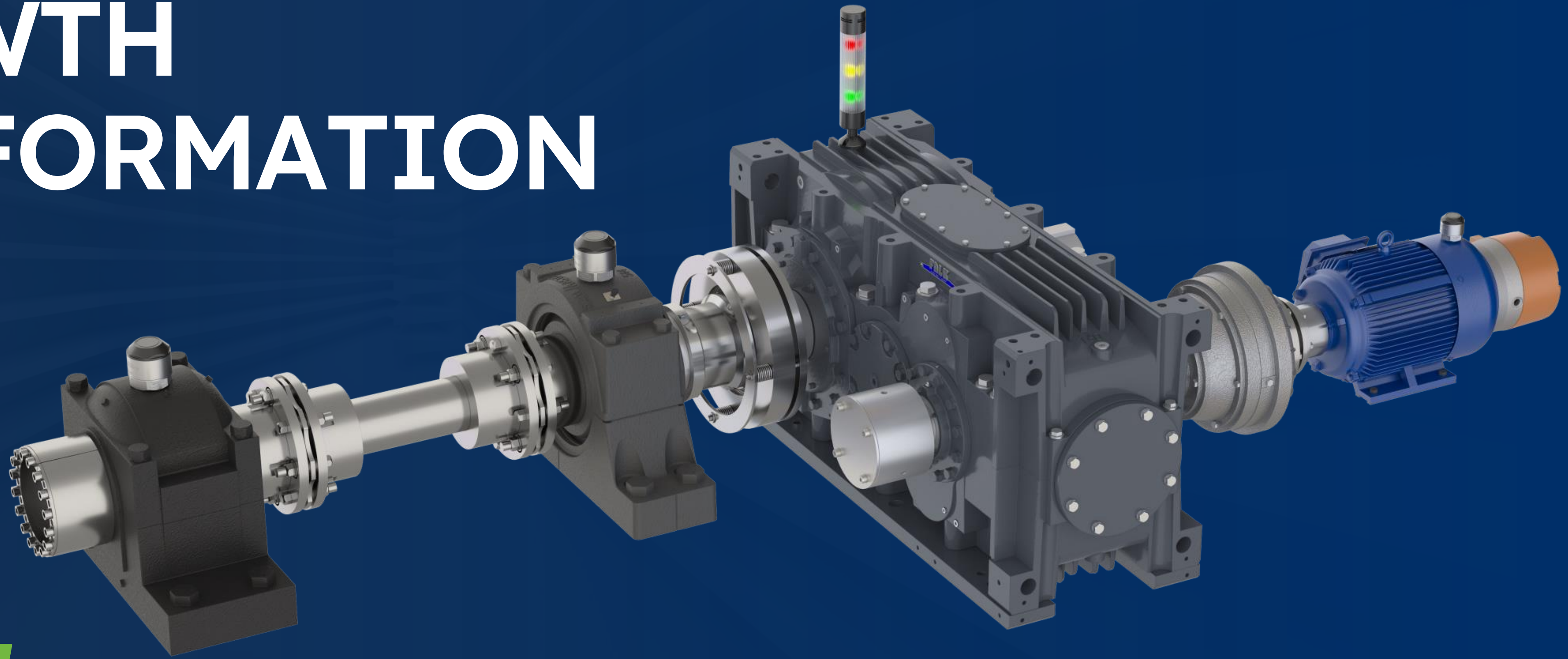
RegalRexnord

# A GROWTH TRANSFORMATION STORY

9.13.2022



INVESTOR DAY 22

# AGENDA



| TIME | TOPIC | PRESENTER |
|---|---|---|
| 8:00 – 8:05 | **Welcome, Agenda, Safety Message** | **Rob Barry**, VP IR |
| 8:05 – 8:40 | **Strategic Overview** | **Louis Pinkham,** CEO |
| 8:40 – 8:50 | **Human Capital Management** | **Cheryl Lewis,** CHRO |
| 8:50 – 9:00 | **Regal Rexnord Business System** | **Gennaro Colacino,** VP RBS |
| 9:00 – 9:45 | **Motion Control Solutions** | **Kevin Zaba,** President MCS; **Jerry Morton**, President Integration |
| 9:45 – 10:00 | **Break** | |
| 10:00 – 10:25 | **Climate Solutions** | **Audey Cash,** Interim President Climate Solutions |
| 10:25 – 10:55 | **Commercial Systems** | **Scott Brown,** President Commercial Systems |
| 10:55 – 11:05 | **Strategy & Business Development** | **Justin Baier,** VP Strategy & Business Development |
| 11:05 – 11:25 | **Finance** | **Rob Rehard,** CFO |
| 11:25 – 11:30 | **Closing Comments** | **Louis Pinkham,** CEO |
| 11:30 – 11:45 | **Q&A** | **Louis Pinkham, Rob Rehard** |

# 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. 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," "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 actual results to differ materially from the results referred to in the forward-looking statements Regal Rexnord makes in this presentation include: 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 synergies and operating efficiencies in connection with the merger with the Rexnord Process & Motion Control business (the "Rexnord PMC business") and the acquisition of Arrowhead Systems, LLC ("Arrowhead") (together with the merger with the Rexnord PMC business, the "Transactions") within the expected time-frames or at all and to successfully integrate 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.

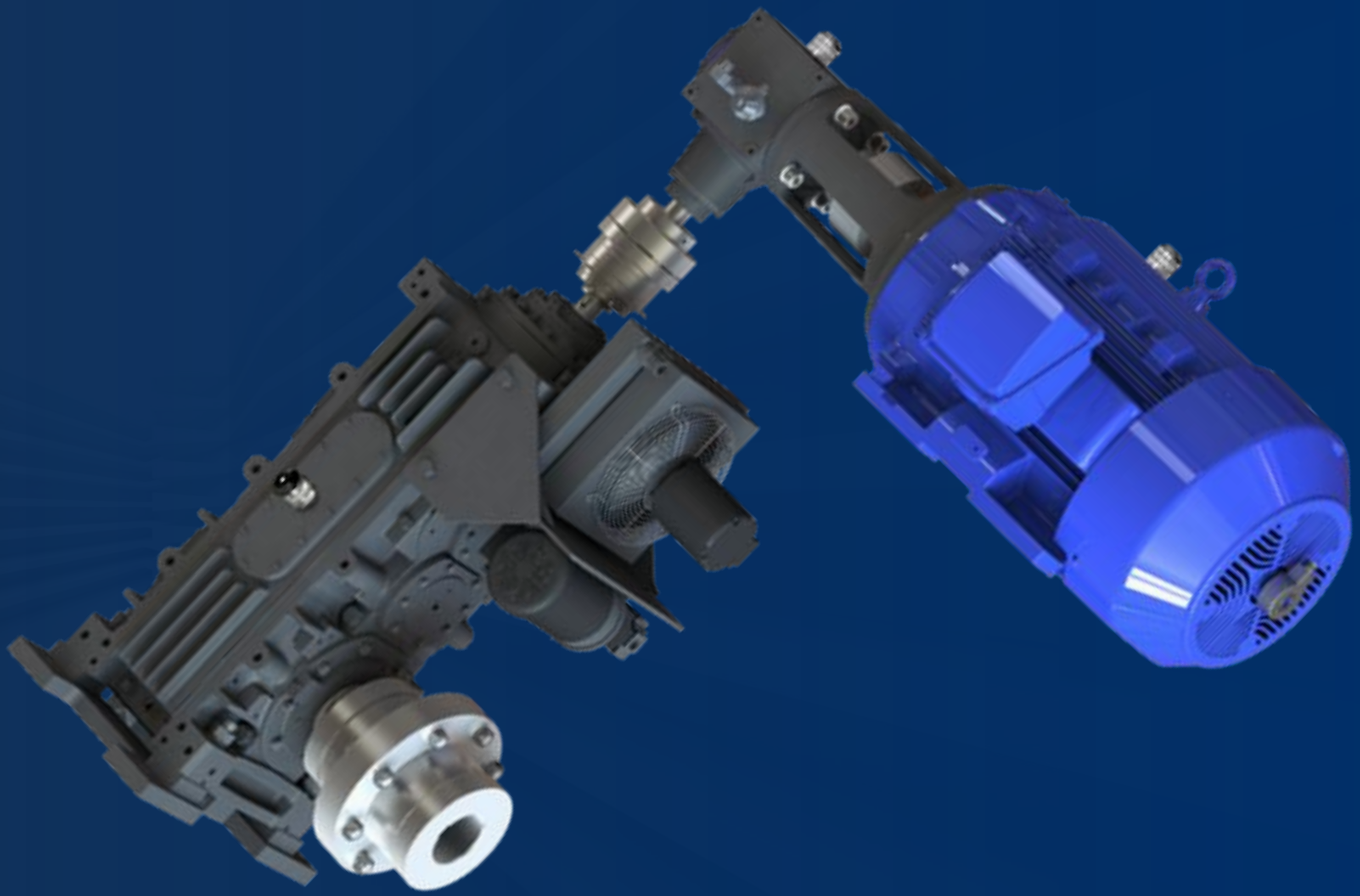
In this presentation, we disclose the following non-GAAP financial measures, and we reconcile these measures in an appendix to this presentation to the most directly comparable GAAP financial measures: adjusted diluted earnings per share, adjusted gross margin, adjusted net sales, net debt, EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted bank EBITDA, adjusted net income attributable to Regal Rexnord Corporation, free cash flow and free cash flow as a percentage of adjusted net income attributable to Regal Rexnord Corporation. 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 gross margin to help us manage and evaluate our business and make operating decisions, while adjusted diluted earnings per share, net debt, EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted net sales, adjusted net income attributable to Regal Rexnord Corporation, free cash flow and free cash flow as a percentage of adjusted net income attributable to Regal Rexnord Corporation 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 use the term "organic sales growth" to refer to the increase in our sales between periods that is attributable to organic sales. "Organic sales" to refers to GAAP sales from existing operations excluding any sales from acquired businesses recorded prior to the first anniversary of the acquisition and excluding any 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.

.

# STRATEGIC OVERVIEW

Louis Pinkham, CEO



INVESTOR DAY 22

# EXCEEDED 3-YEAR TARGETS SET AT 2020 INVESTOR DAY

| | Organic Revenue CAGR | Adj. Operating Margin | Adj. EPS CAGR | FCF Conversion | ROIC Improvement | Capital Deployment |
|---|---|---|---|---|---|---|
| **Target** | 2 – 3% | 300 bps | 8 – 10% | >100% | 250-300 bps | Leverage <2.0x* |
| **Current[1]** | ~5% | +450 bps | ~22% | 192% ('20), 110% ('21), ~100% ('22) | ~500 bps | 1.5x |

**Outperformance On All Key Measures**

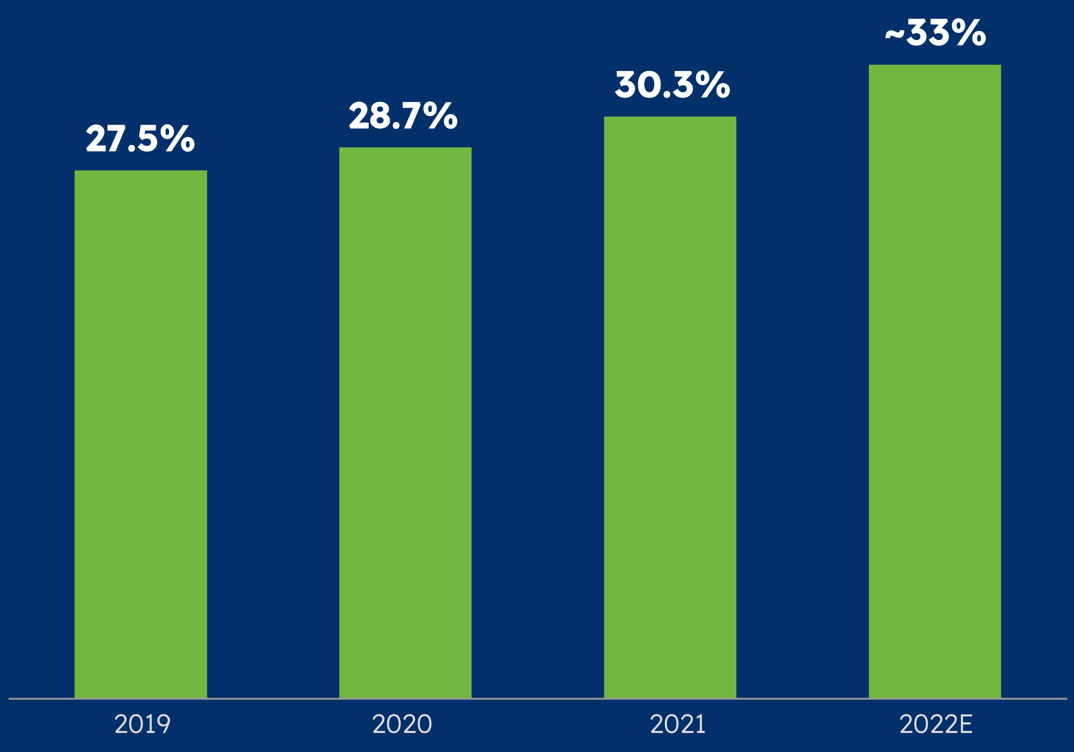
*Leverage Defined As Net Debt/Adj. EBITDA

[1]For the sake of comparability with targets presented at the Company's 2020 Investor Day, results labeled "Current" (other than results for Capital Deployment, which include the impact of M&A), reflect management's best estimates of performance for the legacy Regal Beloit business for the period 2020 to 2022E, and so excludes estimated impacts related to the October 2021 merger with Rexnord PMC, and the December 2021 acquisition of Arrowhead.

# TRANSFORMING INTO A HIGHER-PERFORMING ENTERPRISE

| | |
|---|---|
| **Decentralized** | From 3 Segment P&Ls To 18 BUs And >60 Plant-Level & Product P&Ls |
| **80/20** | Embedded In The Fabric Of Everything We Do |
| **New Leadership** | >50% Of RRX's Business Unit Leaders New Since 2019 |
| **Growth Focused** | Detailed Product Road Maps, Defined By VOC, At Every BU |
| **M&A** | Rexnord PMC Merger, Arrowhead Acquisition |

**Adjusted Gross Margins [1,2]**




**Our Playbook Is Driving Best In Class Performance**

[1]Non-GAAP Financial Measurement, See Appendix For Reconciliation.
[2]As Reported Except Reflects The Retroactive Effects Of Changing Accounting Methods For Valuing Certain Inventories From LIFO To FIFO For 2019 – 2021. Does Not Reflect Pro Forma Adjustments For The Acquisitions Of Rexnord PMC Or Arrowhead.

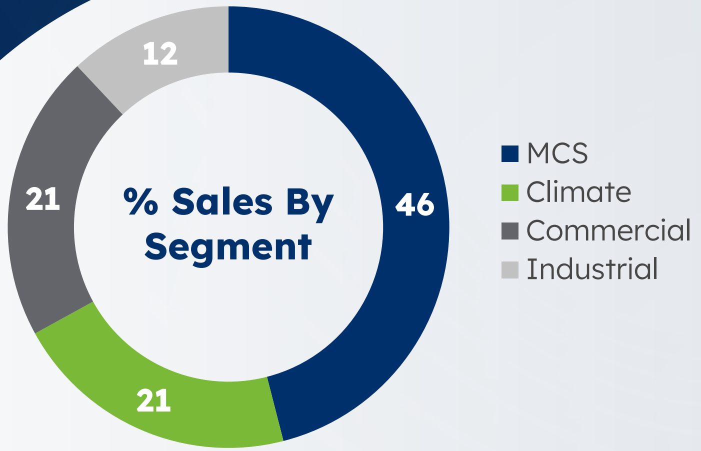
# REGAL REXNORD VALUES

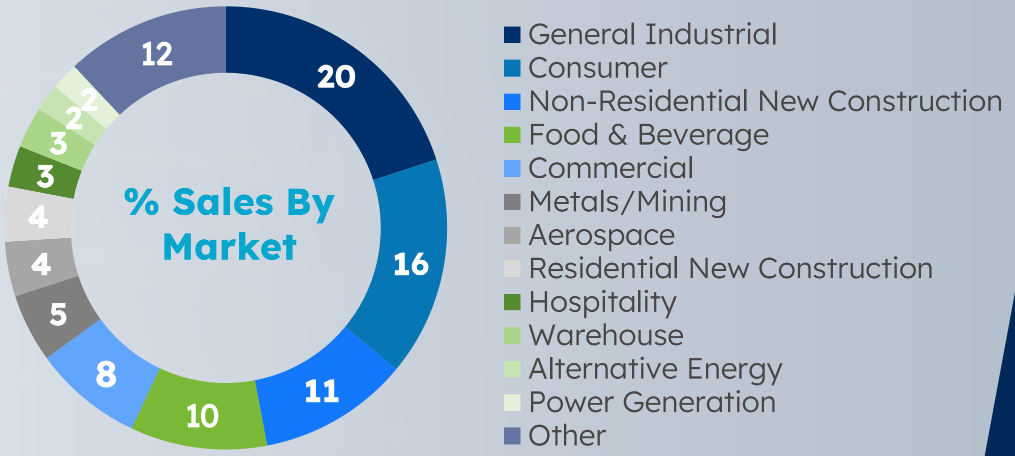
- Integrity
- Responsibility
- Diversity, Engagement & Inclusion
- Customer Success
- Innovation With Purpose
- Continuous Improvement
- Performance
- Passion To Win

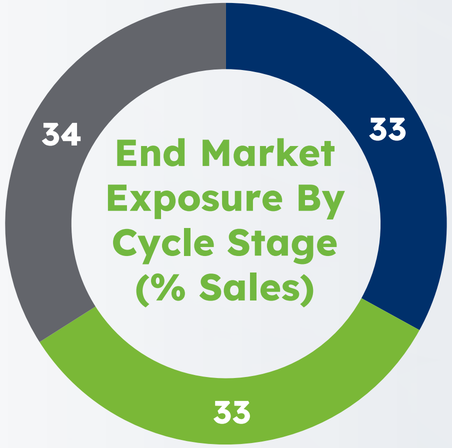
...All With A Sense Of Urgency

**Our Values Provide Consistent Guideposts For How We Run Regal Rexnord**

# A BALANCED PORTFOLIO[1]



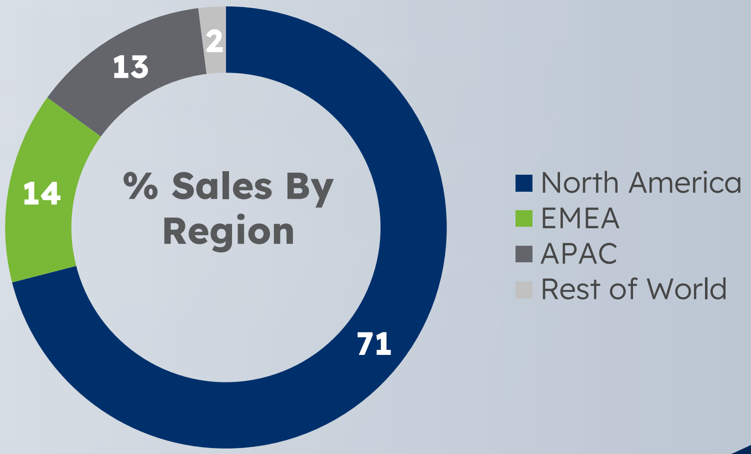




**Early**: Consumer, Hospitality, Warehouse, General Industrial (Partial)

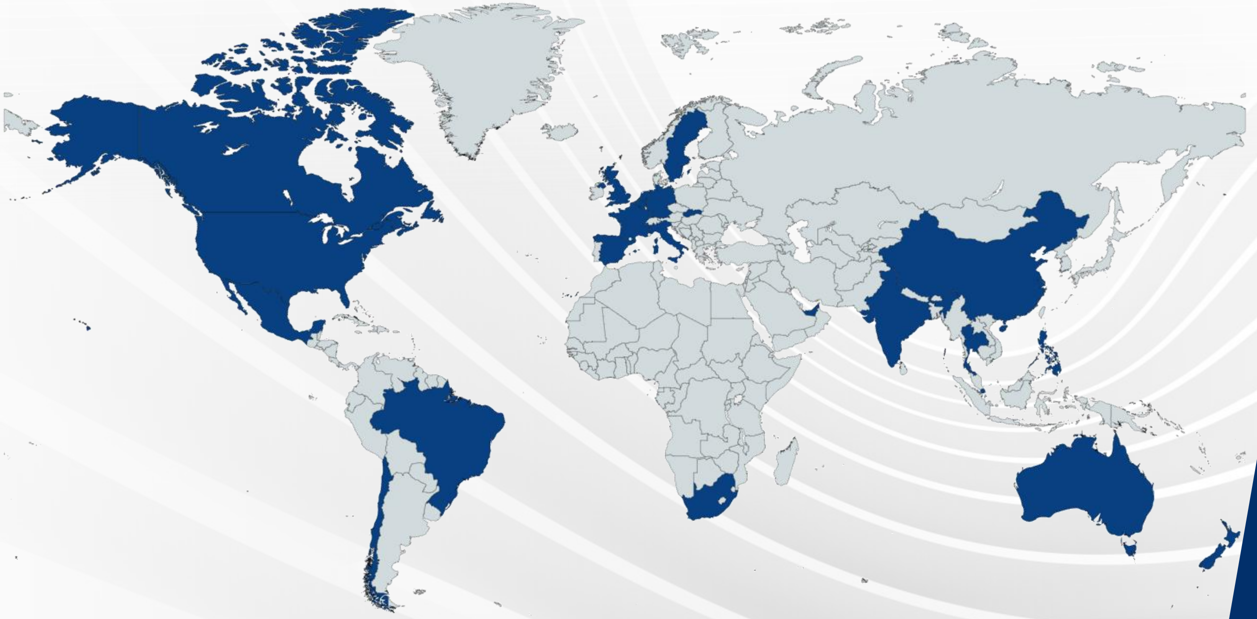
**Mid**: Food & Beverage, Commercial, General Industrial (Partial)

**Late**: Non-Residential, Power Generation, Metals & Mining, Alternative Energy, Aerospace, General Industrial (Partial)




[1]2021 Data, Pro Forma For Rexnord PMC & Arrowhead

# GLOBAL MANUFACTURING PRESENCE[1]



133
**Global Sites**

24
**Countries**

| | |
|---|---|
| **50%** | North America |
| **21%** | Asia |
| **17%** | Europe |
| **12%** | Oceania, South America, Africa |

**Total Associates**
~29,000

| | |
|---|---|
| Mexico | **~13,000** |
| U.S. | **~6,000** |
| China | **~3,000** |
| India | **~3,000** |
| Rest Of World | **~4,000** |

[1]September 2022 Data

# SEGMENT SNAPSHOTS

| SEGMENT | % OF SALES [1] | BRANDS |
|---|---|---|
| Motion Control Solutions | 46% | GROVE GEAR, KOP-FLEX, BERG, CENTA, McGILL, JAURE, SEALMASTER, SYSTEM PLAST, Stearns, REXNORD, Browning, FALK, TOLLOK, Perceptiv |
| Climate Solutions | 21% | FASCO, ELCO, UVANTAGE UV AIR TREATMENT, genteq, Century, FRONTEER, Perceptiv |
| Commercial Systems | 21% | Century, LEESON, marathon Motors, NICOTRA Gebhardt, Perceptiv |
| Industrial Systems | 12% | THOMSON POWER SYSTEMS, marathon Motors, rotor nl, cemp |

[1] 2021 Data, Pro Forma For Rexnord PMC & Arrowhead Transactions

# INDUSTRY TRENDS DRIVING GROWTH



## ENERGY EFFICIENCY

- ESG Focus By All Global Industrial Companies
- Most Industries Driving An Energy Efficiency Focus

## REGULATION

- Defense Production Act (DPA) Driving Clean Energy Standards
- US SEER +1 In 2023
- GWP Refrigerant Change In 2025

## ELECTRIFICATION

- Emissions Reductions In Response To Climate Change
- Gas Combustion Applications Converting To Electric

## DIGITAL

- Digital Adoption Increasing In Industrial Applications
- Growing Demand For Monitoring, Diagnostics And Prognostics

**Positioned To Capitalize On Global Trends**

# BUSINESS PURPOSE

## WE CREATE A BETTER TOMORROW

By Energy-Efficiently Converting Power Into Motion™

**Our Purpose Underpins All New Product Development**

# ENVIRONMENTAL SOCIAL GOVERNANCE STRATEGY

E

**Growth**
Addressing Rising Demand For More Energy Efficient Sub-Systems

**Impact**
Committing To Achieve Net Zero (Scopes 1 & 2) By 2032

S

**Growth**
Building Diverse, Engaged & Inclusive Teams To Drive Innovation

**Impact**
Decentralized Charitable Giving & Planned Company Match Program To Support Local, Associate-Driven Interests

G

**Growth**
Governance Practices Maximize Our Risk-Adjusted Returns

**Impact**
High Governance Marks By Independent Raters Reflect Sound Risk Management That Benefits All Stakeholders

*Note: Electric Motor Driven Systems Are Responsible For 53% Of Global Electricity Usage**

**Clearly Reflects Our Values**

* IEA – International Energy Agency: World Energy Outlooks 2016, Paris, France.

# NET ZERO GOALS

We Target **Carbon Emission Neutrality** On Scopes 1 And 2 **By 2032**

- Significant Investments To Improve Operational Efficiency
- Talent Development Focused On Carbon Reduction
- Executive Steering Committee To Monitor Progress

+

We Target **Net Zero** Across Scopes 1, 2, And 3 **By 2050**

- Aligned With Science Based Targets
- Talent Development In Waste And Water Reduction
- Leveraging Subject Matter Experts To Define Our Scope 3 Emission Reduction Plan

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

**Proud To Be Setting More Aggressive Environmental Impact Goals**

## MISSION

# TO BE THE MOST COMPELLING CHOICE FOR OUR KEY STAKEHOLDERS...

We Will Measure Progress Towards Our Mission On Clear, Quantifiable Metrics –

With **Customers**, Based On Market Share And Gross Margin,

With **Associates**, On Retention, Engagement, And Performance,

And With **Our Shareholders**, On Achieving Top Quartile TSR Performance Versus Our Peers.

# SHIFTING TO GROWTH

Talent + RBS 80/20 + Digital Customer Intimacy

### Secular Market Exposure

Growing Position In Prioritized Secular Markets – And Strong Regulatory Tailwinds

### Market Outgrowth

Differentiated Solutions, NPD, Sub-System Focus, Industrial Powertrain

### Continuous Improvement

Regal Rexnord Business System, Synergy Benefits, And Margin Drivers

### FCF Generation & Capital Deployment

Strong FCF And Balance Sheet Flexibility

**Despite Significant Progress, RRX Remains An Early-Stage Business Transformation Story**

# EXPERIENCED GLOBAL LEADERSHIP TEAM DRIVING STRONG PERFORMANCE[1]

**ROB REHARD**
VP & CFO
7.5 Years

**KEVIN ZABA**
Segment President
Motion Control Solutions
8 Years

**TOM VALENTYN**
VP General Counsel & Secretary
8.5 Years

**LOUIS PINKHAM**
Chief Executive Officer
3.5 Years with RRX

**JERRY MORTON**
President, Integration
Motion Control Solutions
30 Years

**CHERYL LEWIS**
Chief Human Resources Officer
2.5 Years

**AUDEY CASH**
Interim President
Climate Solutions
1.5 Years

**JOHN AVAMPATO**
VP & CIO
16 Years

**SCOTT BROWN**
Segment President
Commercial Systems
17 Years

**JUSTIN BAIER**
VP BD & Strategy
2.5 Years

**GENNARO COLACINO**
VP RBS
2 Years

**ROGER FEI**
Regional President China Pacific
7 Years

[1]Years With RRX Includes Years Spent At Acquired Companies.

# 80/20: PURSUING OUR BEST GROWTH OPPORTUNITIES

**Focus Resources Where There Is Strong Alignment Between RRX Offering And What Customers Value – Quad I**

- Align Operations To Over-Serve Quad I
- RD&E Spend Directed To "A" Products To Meet Highly Valued Customer Needs
- Shift "B" Product Demand To "A" Products

| | A PRODUCTS | B PRODUCTS |
|---|---|---|
| HIGHLY VALUED CUSTOMERS (A) | **Quad I** The Focus Of Everything We Do | **Quad II** Migrate To "A" Products Where Possible |
| VALUED CUSTOMERS (B) | **Quad III** Serve Via Distribution Or eCommerce | **Quad IV** Achieve Higher GM% To Justify Serving, Or Prune |

**By Intentionally Identifying And Then Overserving Our Quad I Opportunities**

# DIGITAL CUSTOMER INTIMACY

## Enhancing eCommerce Capabilities On RegalRexnord.com

- End-to-End Customer Lifecycle Omni-Channel Enablement
- Lowers Cost To Serve Quad 3, Expanding Addressable Market
- High-ROI Digital Marketing
- Expands Geographic Reach


**Digital Investments Are Making It Easier For Customers To Procure, Raising Our Product Value-Add And Driving Cost Efficiencies**

# SHIFTING GROWTH TO MORE SECULAR MARKETS

## FOOD & BEVERAGE

~11%* MSD**

## WATER

~4%* MSD**

## ALTERNATIVE ENERGY

~4%* HSD**

## WAREHOUSE, eCOMMERCE

~3%* MSD**

## AEROSPACE

~4%* MSD**

## OTHER SECULAR (Pharma, Data Center)

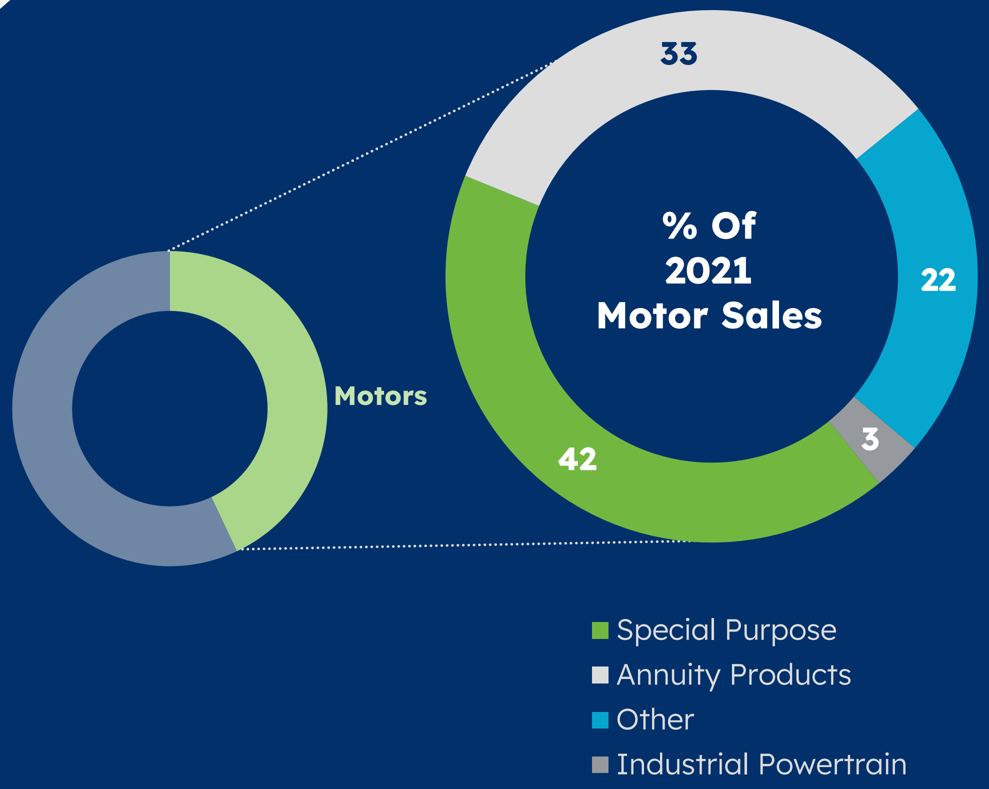
~5%* HSD**

* % Of RRX Sales.
** End Market Growth CAGR.

# *DIFFERENTIATED* MOTORS

**Our Motors Portfolio Has Evolved**, With A Focus On Energy Efficiency, Durability, Sub-System Solutions, And Differentiated Service Levels

- **Industrial Powertrain** Is A Tremendous Opportunity That Leverages Our Motors And Power Transmission Portfolios
- **Special Purpose Motors** Push The Boundaries On Energy Efficiency Or Operate In Demanding Application-Specific Environments
- **Annuity Products** Engender Rich Aftermarket Streams
- **Other** Motors Are 9% Of RRX Sales And Managed By 80/20




**Products And Solutions With Unique Value Add**

# ROBUST NEW PRODUCT DEVELOPMENT, INFORMED BY VOC, FOCUSED ON ENERGY EFFICIENCY

**Global Motorized Impeller**

**Variable Speed Pool Pump**

**SyMAX-I Pro**

**High-Speed Complete Motor**

**Hybrid Compressor Drive**

**Global Premix Blower**

**Fragmented Seals**


**Intelligent Gearbox Breather**

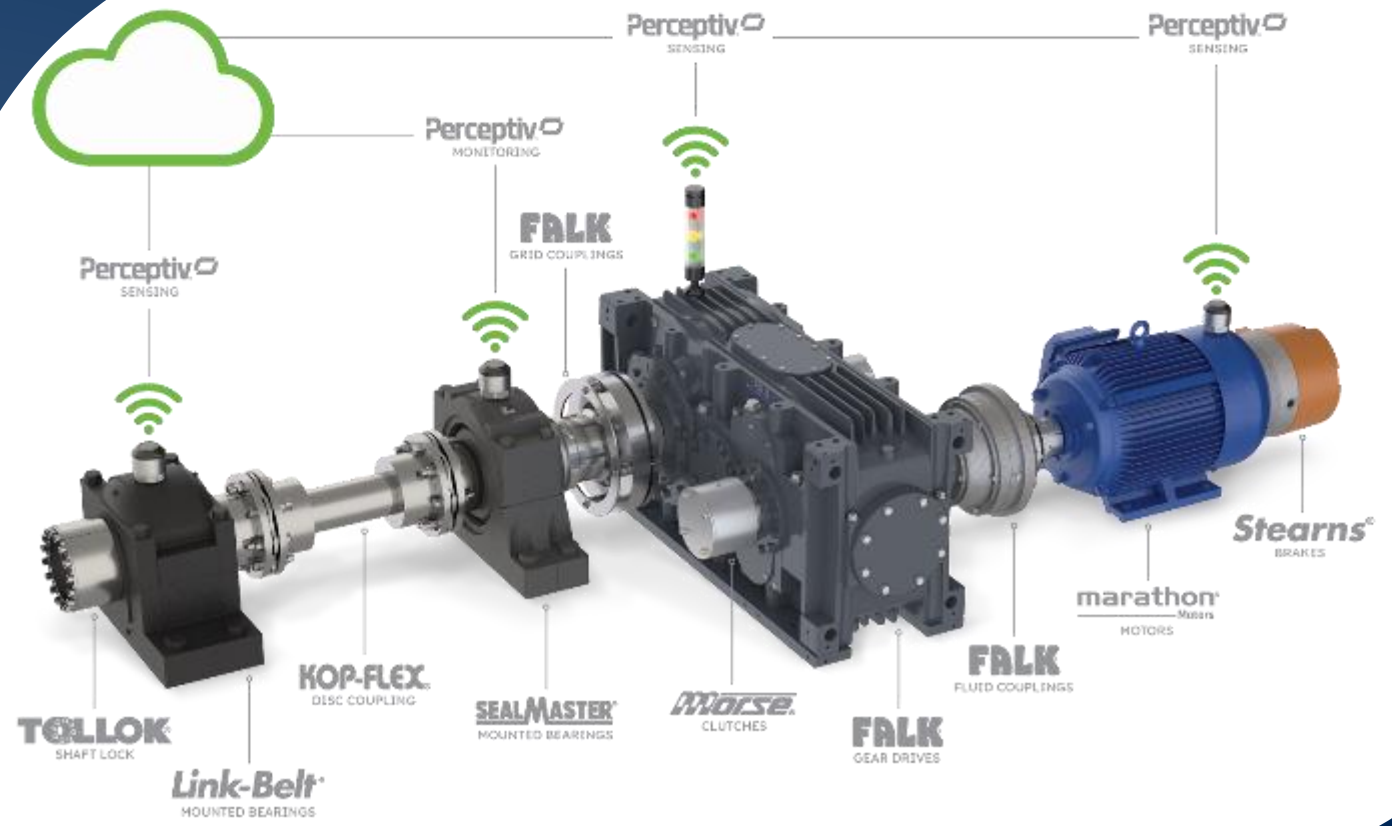
Sub-System Development

**Increasing Vitality From ~15% to ~28% Will Accelerate Above-Market Sales Growth**

# INDUSTRIAL POWERTRAIN AND PERCEPTIV®

**Intelligent Powertrain**
Motor And Components That Connect To The Work Being Done – Plus IoT Functionality

- Provider Of Complete Industrial Powertrain Solutions
- Components Engineered To Optimize System Performance
- Perceptiv Technologies Providing Intelligent Sensing, Monitoring, Preventative Maintenance And Prognostics
- Benefits: Greater Energy Efficiency, Improved Operating Performance, Higher Reliability, Fewer Customer Engineering Resources




**Sizable Opportunity To Generate Above-Market Sales Growth Already Materializing**

# REGAL REXNORD BUSINESS SYSTEM (RBS)

## Anchored By Our Values, The Regal Rexnord Business System (RBS) Is Our Framework For Continuous Improvement

- **80/20** Directs Us To Our Most Valuable Opportunities
- 100+ **Lean Tools** Help Us Consistently Remove Waste, Variation And Overburden
- 80/20 & Lean Tools Leveraged Throughout The Enterprise By Thousands Of **"Tool Champions"**
- Thousands Of **"Kaizen"** Continuous Improvement Events Conducted Annually
- Using RBS Accelerates Our **Growth**, While Simultaneously Making Our Operations More Efficient


**RBS Is Maturing Into A Meaningful Growth Enabler**

# MARGIN DRIVERS

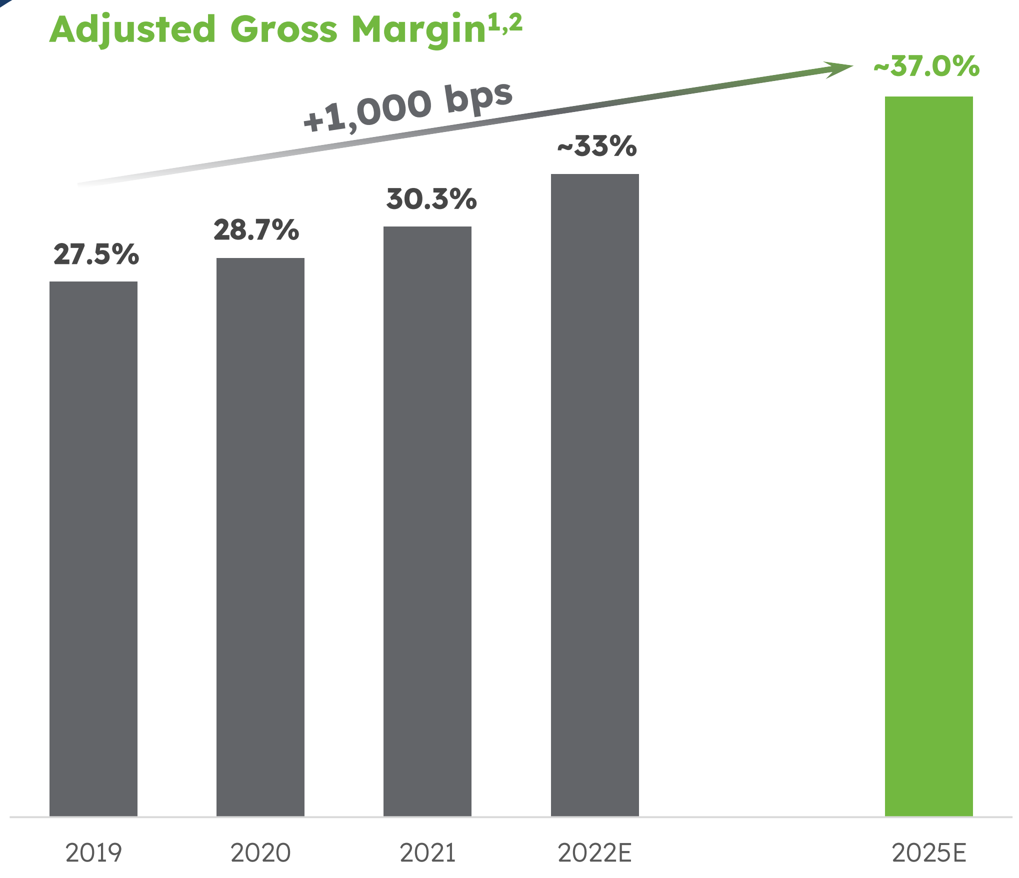
- 80/20
- Merger Synergies
- Accretive NPD
- Volume
- Price/Cost Discipline
- Productivity
- RBS Lean

**Many Levers To Drive Further Margin Gains**

# WE MANAGE BY GROSS MARGIN

## We Measure Our Differentiated Value-Add Using Gross Margin

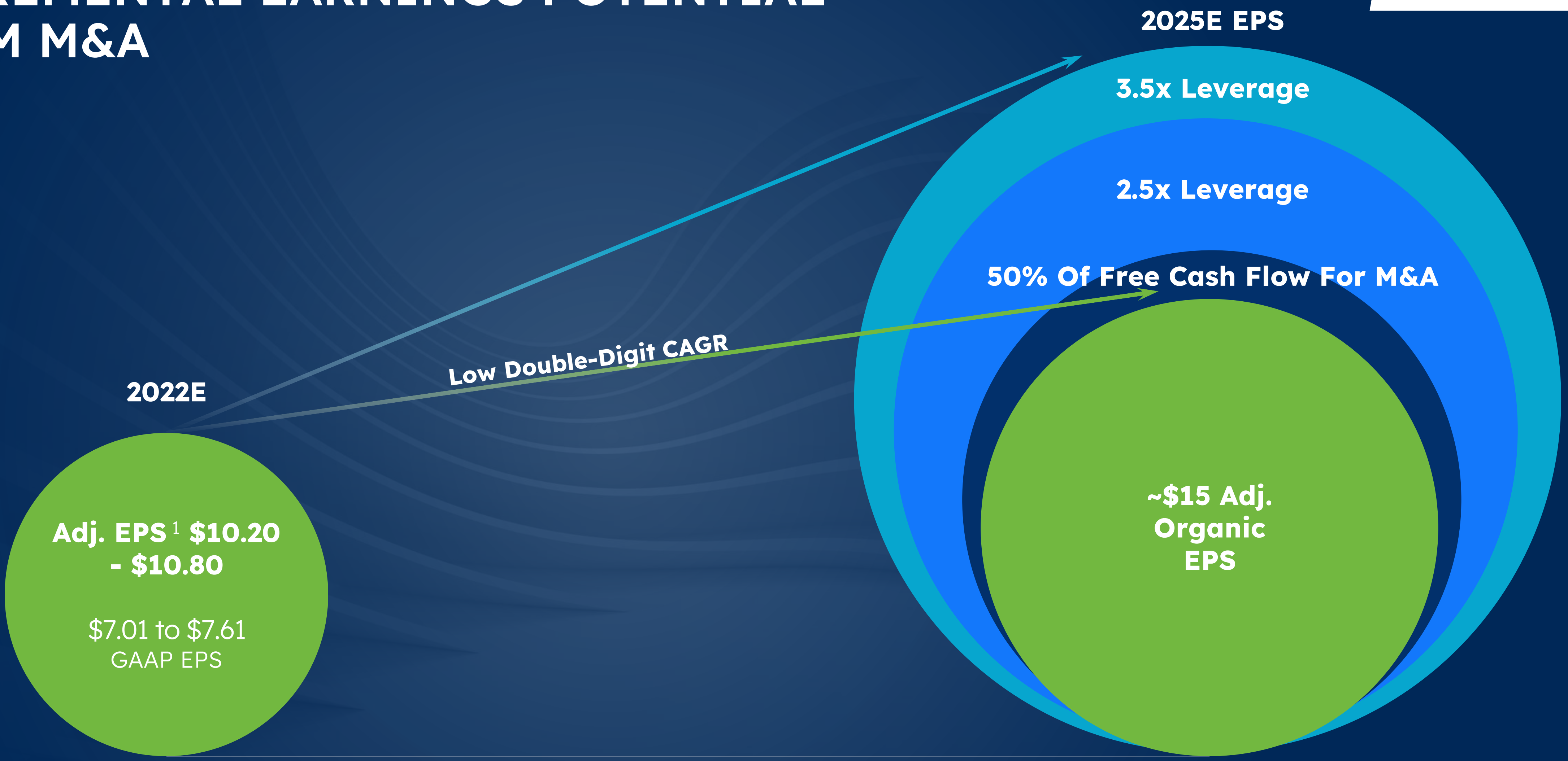
- Reflects Our Scale And Best-Cost Position
- We Deliver Unmatched Value To Our Customers
- We Will Build Our Competitive Advantage Through VOC-Driven NPD, Higher RD&E Investment, 80/20, Lean, Digital




**Clear Path To 37% GM Over The Next ~3 Years**

[1]Non-GAAP Financial Measurement, See Appendix For Reconciliation.
[2]As Reported Except Reflects The Retroactive Effects Of Changing Accounting Methods For Valuing Certain Inventories From LIFO To FIFO For 2019 – 2021. Does Not Reflect The Pro Forma Adjustments For The Acquisitions Of Rexnord PMC Or Arrowhead.

# INCREMENTAL EARNINGS POTENTIAL FROM M&A




**Strong Free Cash Flow, Ample Balance Sheet Capacity, And Proven Integration Capabilities Enable Significant EPS Upside**

[1]Non-GAAP Financial Measurement, See Appendix For Reconciliation.

# EXPECTED REGAL REXNORD IN 2025

**Revenue**
**>$6B,**
**GDP+ Growth**
(4 – 6% Organic)

**Adj. Gross Margin**
**~37%**

**Adj. EPS**
**~$15**
(Low DD CAGR)

**~$1B**
**Annual FCF**

**Adj. EBITDA Margin**
**~25%**
**Of Net Sales**
*Another 300 in 3*

**Capex**
**<2%**
**Of Sales**

**Secular End Market Exposure**
**>35%**

**Vitality**
**~28%**

**A Compelling Investment Thesis For All Of Our Stakeholders**

RegalRexnord

# HUMAN CAPITAL MANAGEMENT

## Cheryl Lewis

### Chief Human Resources Officer

INVESTOR DAY 22

# HOW WE THINK ABOUT TALENT



## FOCUSED ON TALENT TO DRIVE BEST-IN-CLASS RESULTS

**We Define GREAT Through The Lens Of Our Values. RRX Associates:**

- Put Safety First
- Act With Integrity…Always
- Have, Seek, And Leverage Diverse Perspectives
- Embrace An 80/20 Mindset
- Have A Continuous Improvement Mindset
- Share A Passion To Win
- Are Data-Driven, P&L Savvy, Entrepreneurial
- Execute With Urgency

**Disciplined People, Driving Disciplined Thoughts And Actions, To Consistently Achieve Superior Results**

# TALENT AS A STRATEGIC GROWTH ENABLER


**A Disciplined Approach To Talent Management Enables Our Performance**

# NEW TALENT FOR A NEW REGAL REXNORD*



**Executive Leadership Team – 47% New**

**P&L Leaders (VP/GM) – 56% New**

**Vice Presidents – 43% New**

= New To RRX

**New Perspectives Are Accelerating Our Business Transformation**

* New Since January 2019

# ELEVATING HUMAN RESOURCES



**100%**
Of The Senior HR Leadership Team Are New

**HR Leaders** Are Business Partners, Have A P&L Mindset, And Align Talent With Business Strategies

**Culture Of Inclusion**

**Intentional Focus** On Developing Leadership Capabilities

**Technology Investments** To Make Talent And Performance Management Processes Best-In-Class

**Maximizing Our Human Capital's Potential**

# BUILDING MORE DIVERSE, ENGAGED AND INCLUSIVE TEAMS

## Driving Innovation, Performance, And Employee Satisfaction

- Building Pipeline Of High-Quality Diverse Talent
- Employee Resource Group (ERG) Expansion & Cultivation
- Invest In Communities Where We Live And Work
- Raise Awareness Of, And Ways To Mitigate, Unconscious Bias
- Mentorship Program
- Broaden Sources Of Talent Acquisition, Including Internally
- Upgraded Metric Collection, Tracking, Analysis To Drive Improvement Goals

**Leveraging Our Diverse Talent**

RegalRexnord

# REGAL REXNORD BUSINESS SYSTEM

## Gennaro Colacino

VP Regal Rexnord Business System

INVESTOR DAY 22

# THE REGAL REXNORD BUSINESS SYSTEM




**Stakeholder Success:**

- Associate Engagement
- Customer Focus
- Maximize Shareholder Value

**RBS Team, Tools And Processes Drive Efficiencies And Accelerate Growth**

# 80/20 GROWTH FRAMEWORK

## STRATEGIC INTENT

- Voice Of The Customer
- 80/20 Data Analytics
- Effective Segmentation
- Strategic Vision

Annual Strategic Plan

## SIMPLIFICATION CYCLE

- Product Excellence
- Operational Excellence
- Commercial Excellence

→

- Organic Growth
- Product Margin Expansion

## INVEST TO GROW

- New Product Development
- M&A

**A Framework For Growth And Execution**

# POLICY DEPLOYMENT (PD)

## X-Matrix Tool For Managing PD Performance


### Executive Planning Process

- Strategic Plan
- Talent Management
- **Policy Deployment**
- Annual Operating Plan

**Enterprise-Wide Approach To Align The Most Critical Annual Continuous Improvement Initiatives To Our Long-Term Strategy**

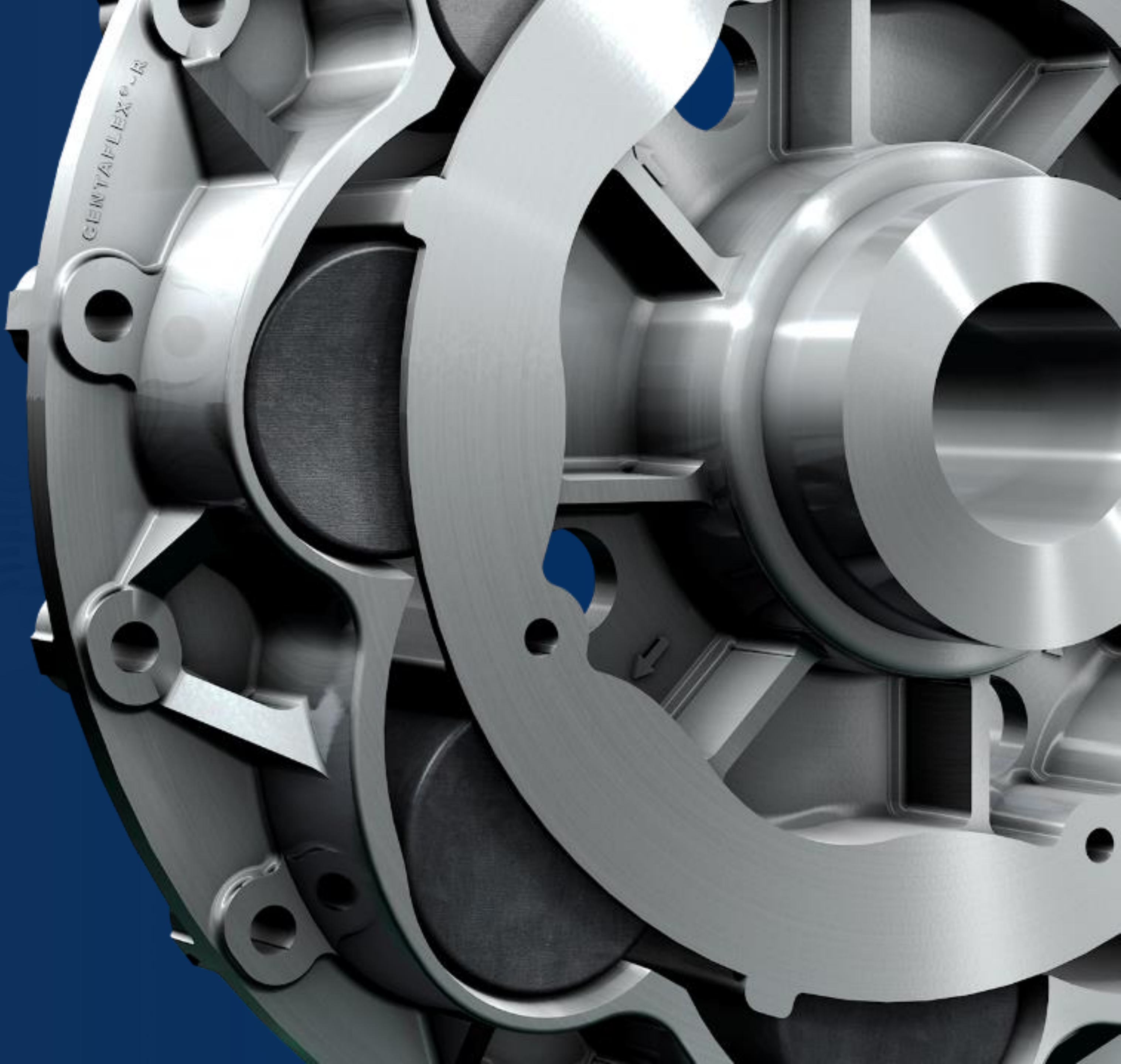
RegalRexnord

# MOTION CONTROL SOLUTIONS

## Kevin Zaba

### President MCS

INVESTOR DAY 22



# MCS SEGMENT OVERVIEW

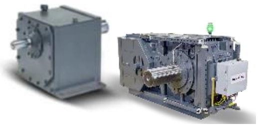


## Leading Product Positions

- Broad Portfolio Of Leading Brands Associated With Quality & Reliability Drive First-Fit Specification
- Leading Channel Positions Enable Consistent High Margin Aftermarket Sales
- First-Mover In Digital Customer Experience And Connected Products Positions for Next-Gen Growth

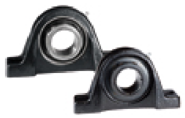
### Components – 85%

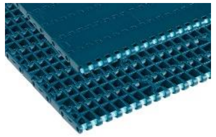

Aero Seals / Bearings


Gearboxes


Industrial Chain


Intelligent Products

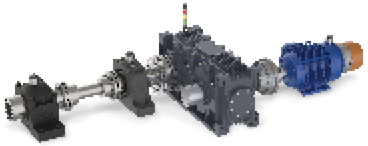

Bearings


Conveyance Chains


Couplings


Electrical Panel Components

### Sub-Systems – 10%


Powertrains


Conveyors / Sorters


Palletizers / Depalletizers

### Services – 5%

Repair

Start-up

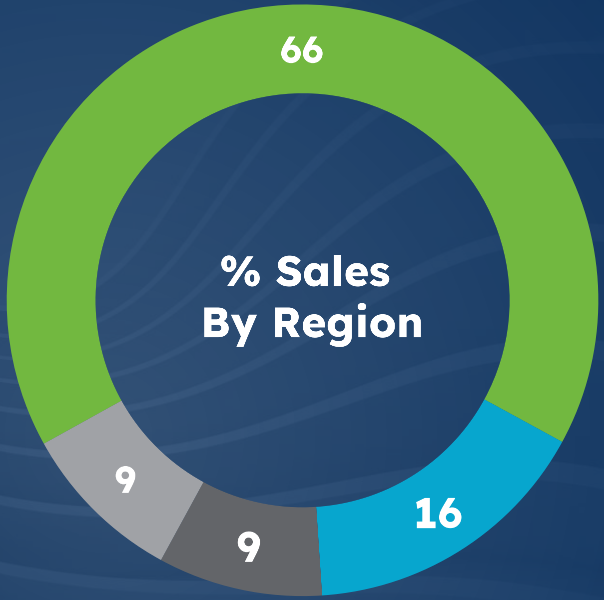
Line Optimizations

Remote Monitoring

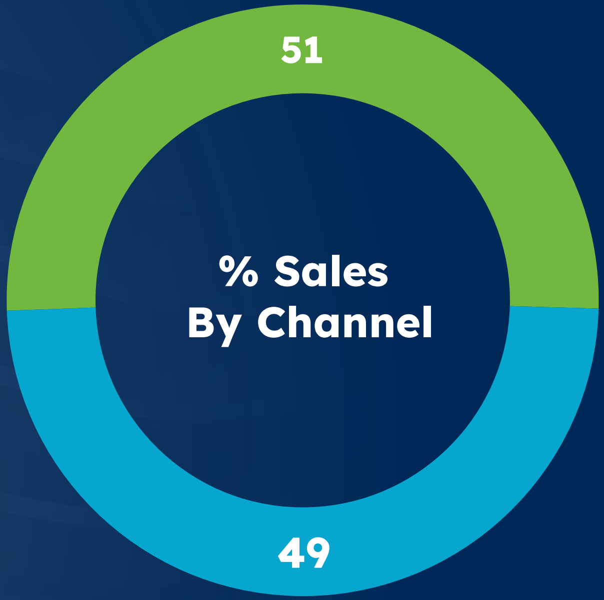
**Leading Manufacturer Of Motion Control Components, Sub-Systems, And Services**

# MCS SALES SEGMENTATION DETAIL*


- General Industrial
- Metals & Mining
- Aerospace
- Forest & Wood Products
- Other
- Food & Beverage
- Marine & Power Gen
- Warehousing/Logistics
- Renewables




- NA
- EMEA
- APAC
- ROW




- OEM/Direct
- Distribution

**Strong Position In Growing Secular Markets**

* Pro Forma 2021 For Rexnord PMC And Arrowhead Transactions

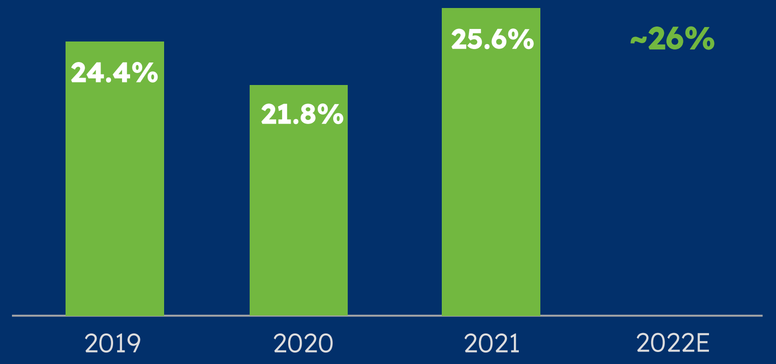
# RECORD HISTORICAL PERFORMANCE

## Strong Financial Performance, With Record Sales & Adjusted EBITDA Margins In 2021

- 80/20 Differentiated Service Model With Highly Valued Customers Driving Wallet Share Gains
- Powertrain Wins And Merger-Related Cross-Sell Activities Boosting The Top Line
- 80/20 Simplification, RBS And M&A Synergies Supporting Healthy Margin Gains

### Adjusted Net Sales ($M) [1,2]


### Adjusted EBITDA Margin [1,2]




[1] Non-GAAP Financial Measurement, See Appendix For Reconciliation.
[2] Reflects Estimated Proforma Impacts From Rexnord PMC And Arrowhead Acquisitions And The Retroactive Effects Of Changing Accounting Methods For Valuing Certain Inventories From LIFO To FIFO For 2019 – 2021.

# FRAGMENTED MARKETS LEAVE ROOM TO GROW



## Highly Fragmented Market Creates Room For Additional Core Growth


Available Market Segmentation

- Highly-Fragmented Space
- Major Industrial Suppliers (incl. RRX)

| End Market | 2022 - 2025 Growth |
|---|---|
| General Industrial | **LSD-MSD %** |
| Food & Beverage | **MSD %** |
| Metals & Mining | **MSD %** |
| Marine & Power Gen | **MSD %** |
| Aerospace | **MSD-HSD %** |

**Leading Position….With Considerable Room To Grow Core Products In Our Served Markets**

# MCS MARKET OUTGROWTH PLAYBOOK



**80/20 Differentiated Service Model**

### Increase Secular Market Exposure

Expand Component & Sub-System Offerings For Secular Markets

### Double New Product Vitality

Launch Our Strong Pipeline Of Customer Focused Innovations

### Expand Digital Experience & Solutions

Establish A Continuous Connection Across The Customer Value Chain

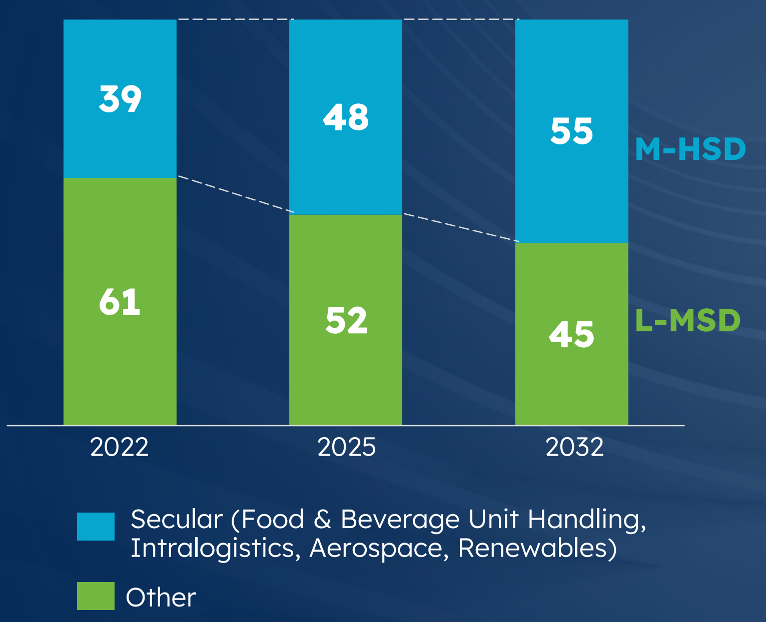
### Differentiate With Industrial Powertrain

Leveraging Strong Capabilities & Value To Increase Wallet Share

**Clear Path To Accelerated Sales Growth**

# INCREASING SECULAR MARKET EXPOSURE

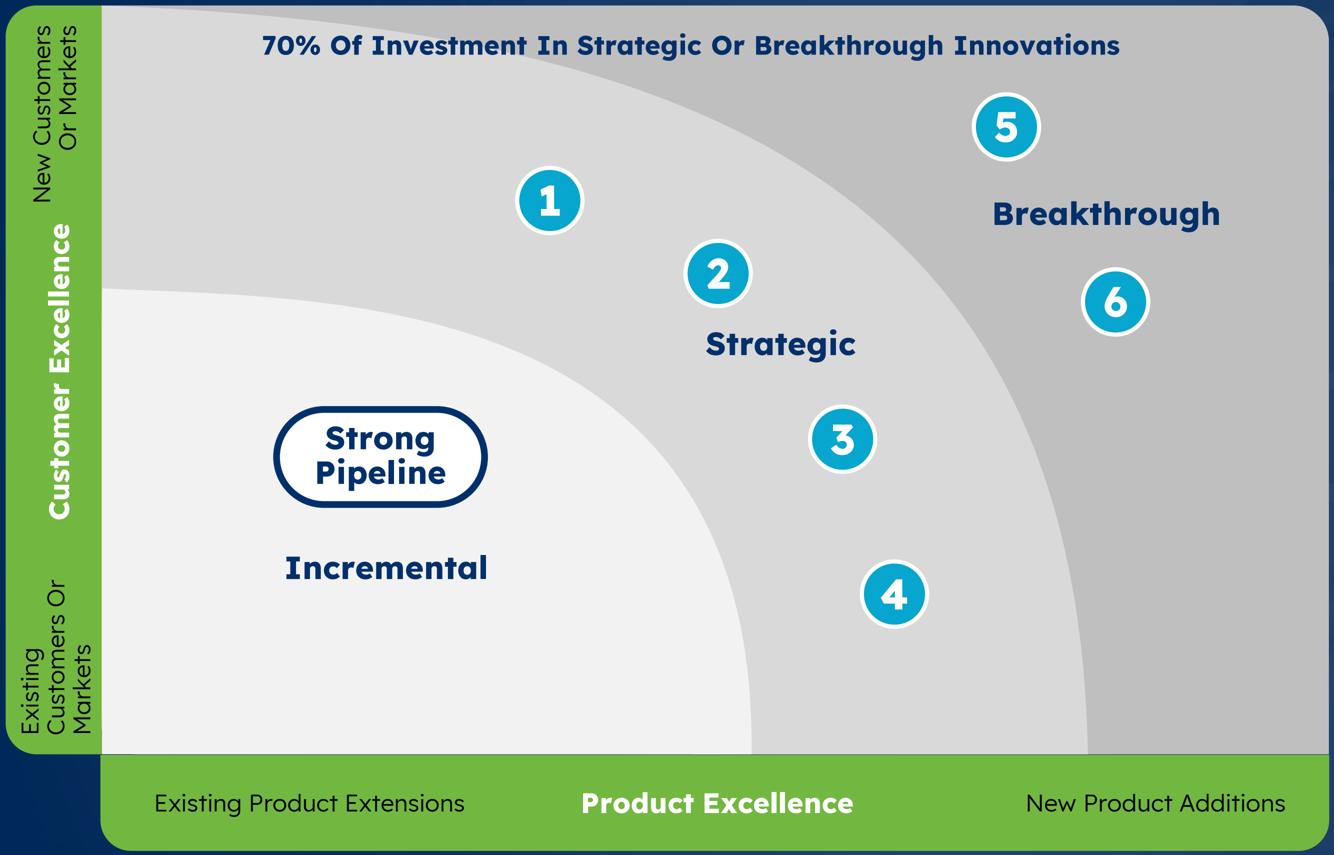
**MCS Mix % Over Time**




| | |
|---|---|
| **Conveyance** | Fueled By eCommerce, Packaging Trends, ESG<br>NPD Focused On Components, Powertrain, And Sub-Systems<br>Cross-Marketing Initiatives |
| **Aerospace** | Lifted By Steady Travel Recovery, ESG<br>NPD Vitality 2X Historical Rates<br>Market Expansion |
| **Renewables** | Buoyed By Government Programs, ESG<br>NPD Focus On NextGen Customer Applications<br>Early Powertrain Wins |

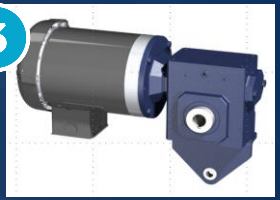
**Driving Secular End-Market Exposure To Greater Than 50%**

# DOUBLING NEW PRODUCT VITALITY




**1 McGill/Rexlon Cam Follower**
Grease-Free. Synergy Development

**2 ModSort Triple Divert**
High-Speed Parcel Sorting



**3 Grove Gearmotor**
Optimized For eCommerce/Warehouse

**4 MatTop Zero-Tangent**
Self-Clearing Package Handling


**5 Perceptiv AirMax Pro**
Intelligent Gearbox Breather

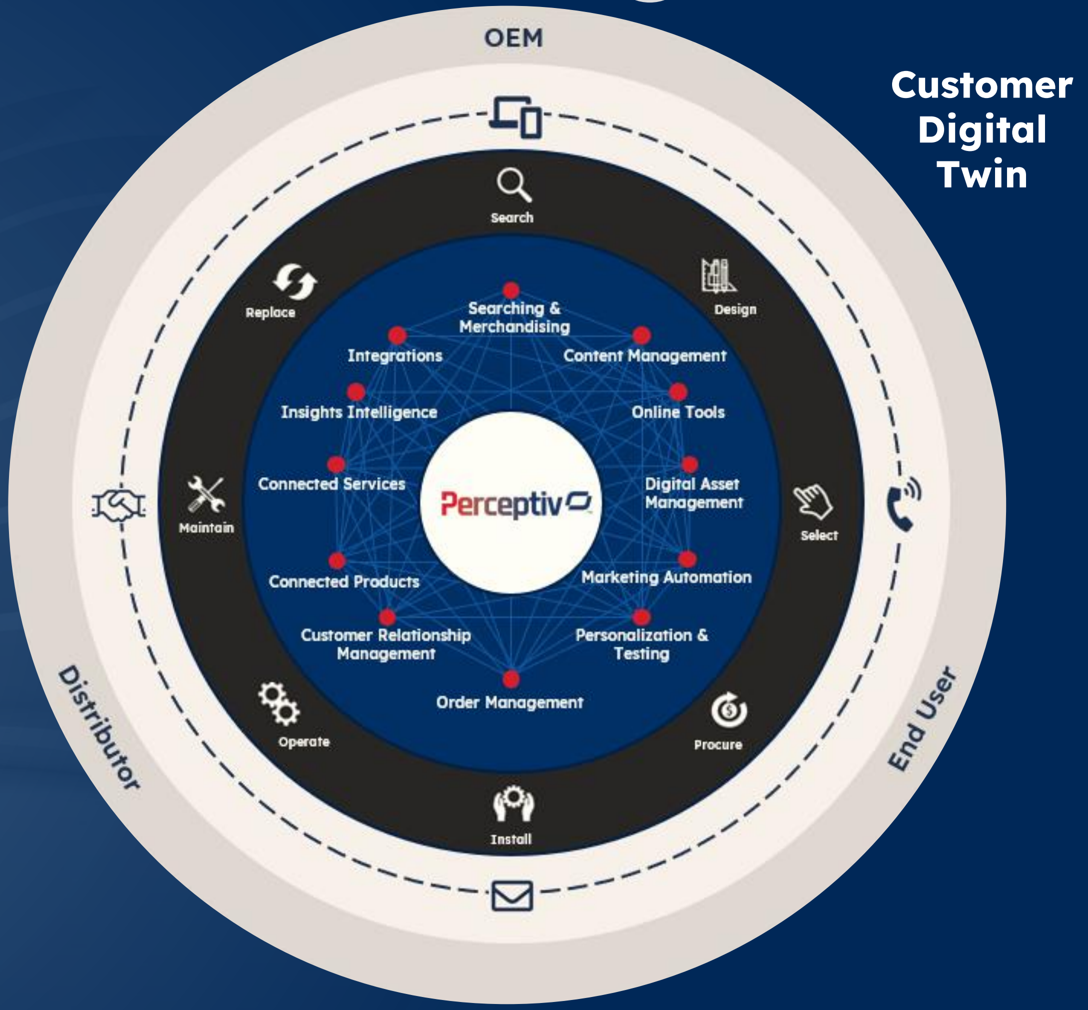
**6 RexPro Link**
Field-Retrofittable Steel Chain

**80% of NPD Focus In Secular, Powertrain And Digital Application Solutions**

# ACCELERATING DIGITAL EXPERIENCE

## Enhancing The End-To-End Customer Value Chain with Our Expanding Digital Capabilities

- Personalized Experience For Multiple Customer Personas
- Omni-Channel Enablement
- Expanded Tool Set for Each Step Of Value-Chain
- Seamless Integration Across RRX Systems & Applications

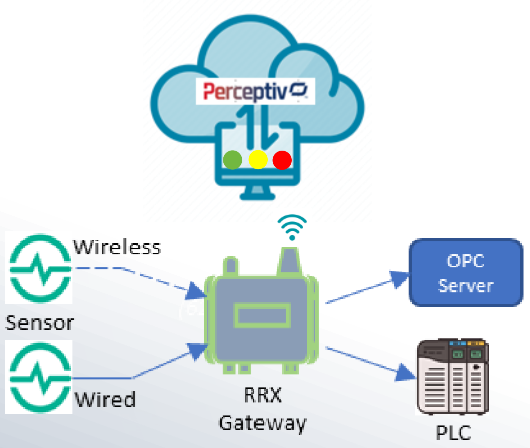



**Best-In-Class Digital Experience Enhances Global Customer Value and Reach**

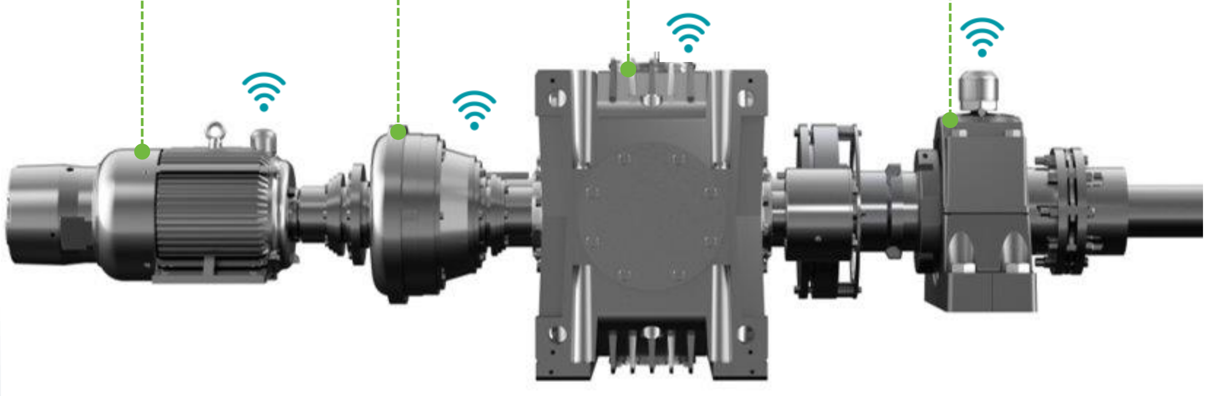
# ACCELERATING DIGITAL SOLUTIONS

Perceptiv
Insights. In Reach.

**Connected Ecosystem Addressing Most Common Failure Modes….**




| Motor Status | Coupling Status | Gearbox Status | Bearing Status |
|---|---|---|---|
| • Lubrication<br>• Alignment<br>• Overload | • Lubrication<br>• Alignment<br>• Overload<br>• Cyclical Loads | • Lubrication<br>• Alignment<br>• Overload<br>• Cyclical Loads | • Lubrication<br>• Alignment |



**….And Prognostic Capabilities Expanding With Digital NPD Investment**

**Expanding Perceptiv IIOT Capabilities Accelerates Our Intelligent Powertrain**

# UNTAPPED INDUSTRIAL POWERTRAIN OPPORTUNITY

## With Powertrain, We Have The Opportunity To Change The Landscape

- **Powertrain** = Electric Motor + Engineered Components Powering An Application
- 60% Of The Regal Rexnord Portfolio Addresses Powertrain, A **~$15-20B Opportunity**
- The Evolving Needs Of Our Customers:
  - Manufacturers Lose ~$50B* Annually In Unplanned Downtime
  - Prefer More Complete Solutions
  - Rising Need For Performance And Reliability


**Customers Prefer A Trusted Advisor With The Domain Expertise To Solve Their Challenges**

* Forbes Technology Council estimate (Feb 2022)

# DIFFERENTIATING WITH INDUSTRIAL POWERTRAIN

## RRX Has Unmatched Capabilities Across The Industrial Powertrain

- Merger Increased Scale And Product Breadth, Enabling More Complete Solutions
- Flexible Tiered Approach
  - Bundled
  - Optimized
  - Intelligent
- Dedicated Powertrain Focused Sales, Engineering, & Product Management Resources To Better Support Customers

= RRX Offering = Competitor Offering – No offering

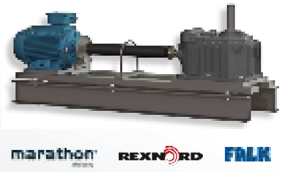
| | RegalRexnord | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| Bearings | ■ | ■ | ■ | – | ■ | ■ | ■ | – | – | – |
| Gearing | ■ | ■ | ■ | – | ■ | – | – | ■ | – | – |
| Conveying Components | ■ | – | – | ■ | – | – | – | – | – | – |
| Couplings | ■ | ■ | – | – | ■ | – | – | – | – | – |
| Motors | ■ | – | – | – | – | – | – | ■ | ■ | ■ |
| Belt/Chain Drives & Components | ■ | ■ | – | ■ | ■ | ■ | ■ | – | – | – |

RRX Unique In Broad-Based Powertrain Offering

**Strong Ability To Satisfy Growing Powertrain Demand**

Representative Sample For Illustrative Purposes Only - Not An Exhaustive List – Competitive Landscape Includes Other Businesses/Technologies/Offerings Not Included Here

# EARLY POWERTRAIN WINS

| | COOLING TOWERS | RESOURCE RECOVERY | WASTEWATER TREATMENT | BULK MATERIAL CONVEYORS | FOOD PRODUCTS EXTRUDER | ROLLING MILLS |
|---|---|---|---|---|---|---|
| |  |  |  |  |  |  |
| TIER EMPHASIS | Optimized | Intelligent | Bundled | Bundled | Intelligent | Optimized |
| POWERTRAIN CONTENT | Motor, Spindle/Coupling, Gearbox | Motor, Spindle/Coupling, Gearbox | Motor, Gearbox, Bearing | Motor, Gearbox, Bearing | Motor, Spindle/Coupling, Gearbox | Motor, Spindle/Coupling |
| ADDITIONAL SERVICES | Install/Startup, Repairs | Install/Startup, Monitoring, Repairs | Monitoring | Install/Startup, Repairs | Install/Startup, Monitoring, Repairs | Install/Startup, Repairs |



Legend: Motor | Spindle/Coupling | Gearbox | Bearing | Install/Startup | Monitoring | Repairs

**Tailoring Powertrain Solutions By End Market And Specific Customer Needs**

# M&A INTEGRATION

Jerry Morton

President Integration

INVESTOR DAY 22

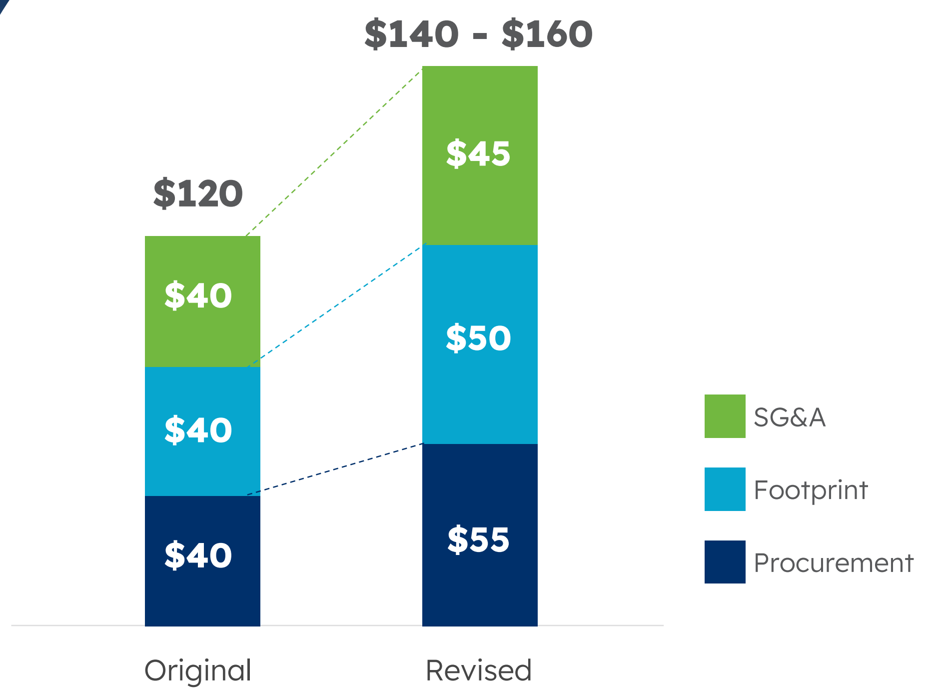
# RAISING MERGER SYNERGY TARGETS



## Integration Outperforming

## ...In A Tough Macro Environment

Year 3 PMC Run Rate Cost Synergies (2024, $M)



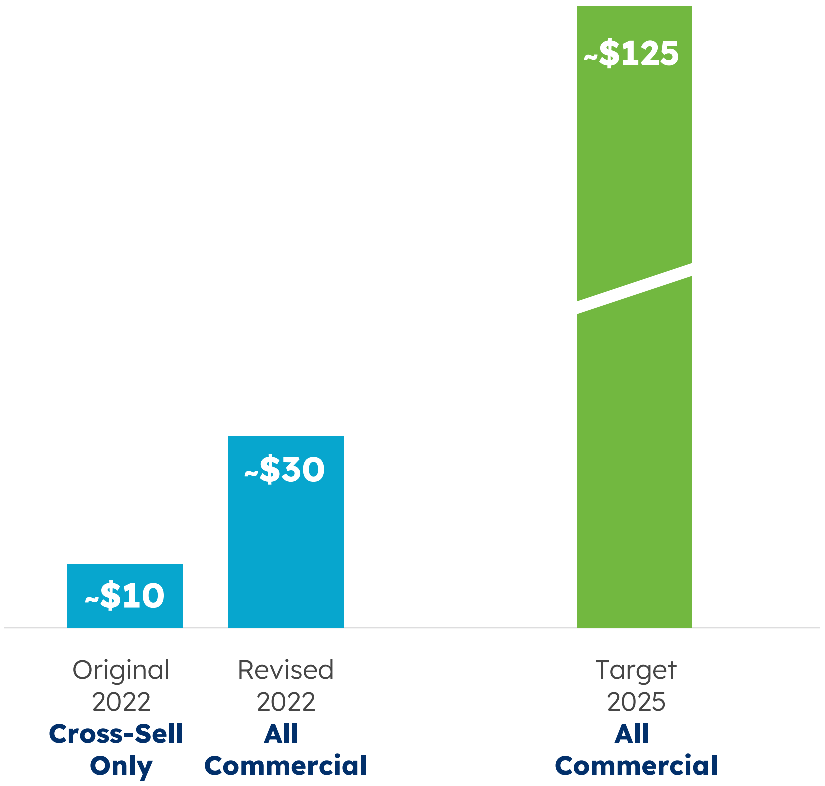

**Hitting 3rd Year Run Rate In Year 2, Proving Strong Merger Integration Capabilities**

# INTRODUCING ROBUST REVENUE SYNERGIES

**Enabled By:**

- Minimal OEM Overlap
- Conveyance Sub-System Capabilities
- Industrial Powertrain Solutions
- Combined Manufacturing Capabilities

**Sales Synergies ($M)**




**Strong Commercial Synergies Accelerating The Top Line…And We Are Just Getting Started**

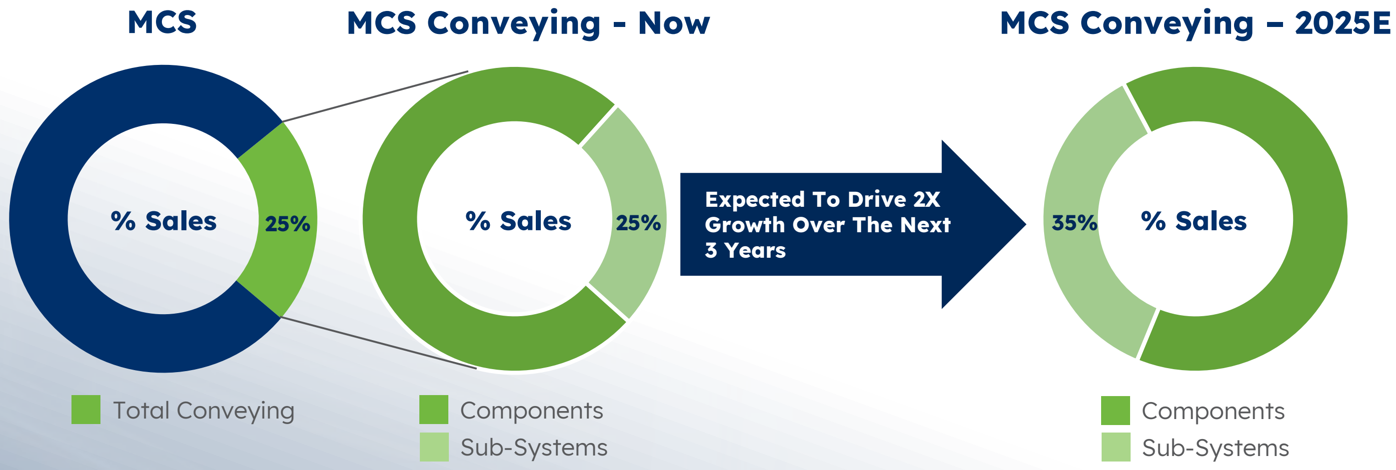
# GROWTH-FOCUSED ACQUISITION SERVING SECULAR MARKETS

## Robust NPD Pipeline

Transfer & Diverter Station

Legacy Arrowhead Offering

Automation Solutions Business Unit (ASBU) NPD




**Line Of Sight To Doubling Automation Related Sales Over The Next 3 Years**

# INVESTMENT THESIS



- **Positioned To Amplify Secular Growth Tailwinds** In Aerospace, Food & Beverage, Intralogistics & Renewable Energy
- **Opportunities For Market Outgrowth** Tied To Doubling Product Vitality, Perceptiv Digital Platform, And Expanding Served Markets
- **Differentiated Industrial Powertrain Offering** Presents A Significant Enterprise-Wide Growth Opportunity
- **Significant Upside On Margins**, Driven By Merger Synergy Overdrive, RBS Actions, And Margin-Accretive New Products

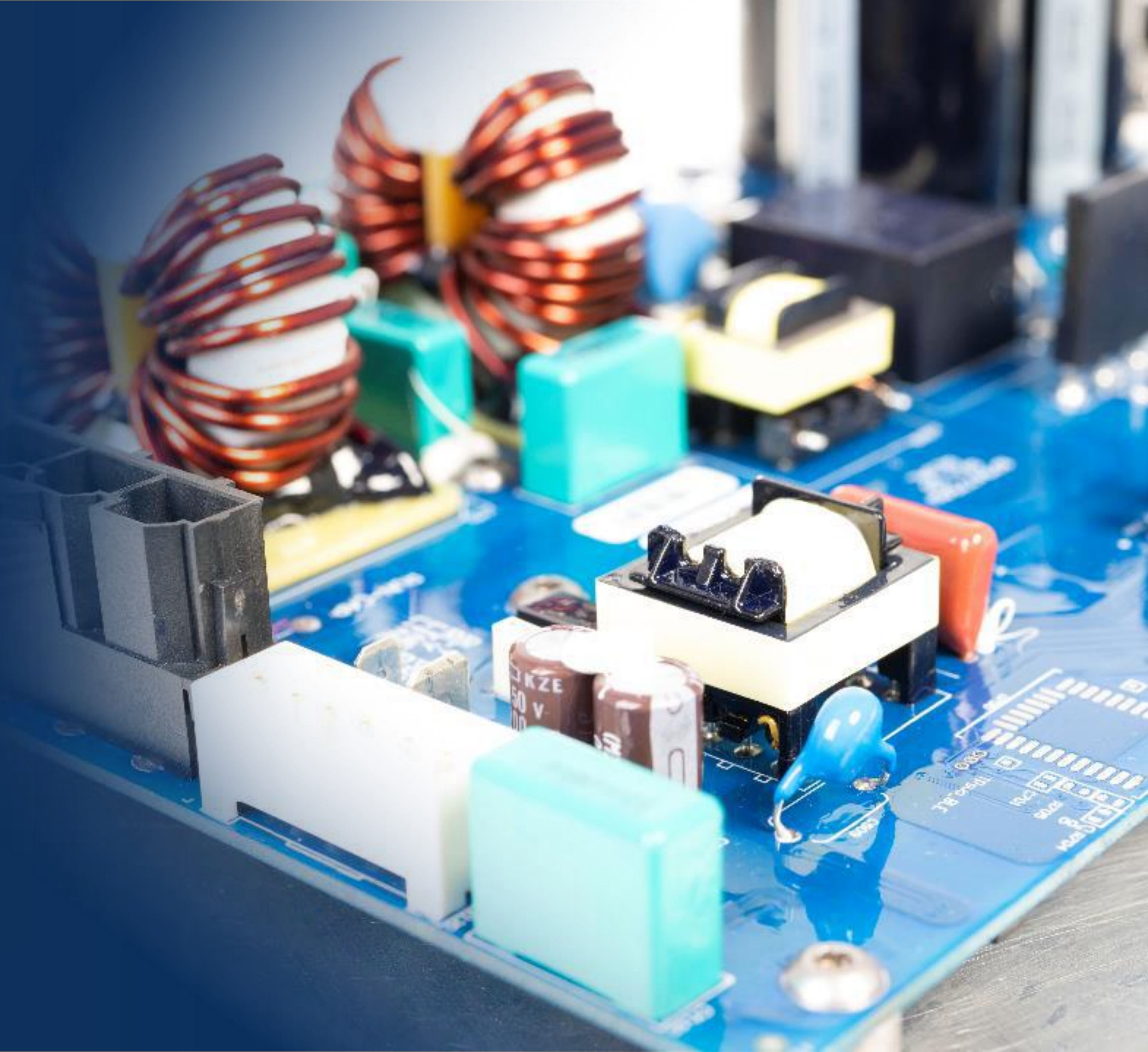
RegalRexnord

# CLIMATE SOLUTIONS

Audey Cash

Interim President

INVESTOR DAY 22



# CLIMATE SOLUTIONS SEGMENT OVERVIEW

- Technology Leadership In Energy Efficiency And Emissions Reduction
- Superior Aftermarket Channel Positions
- Leading Service Levels

## Components – 75%

A/C & Heat Pump ECM Motors

Outdoor ECM Fan Motors

Commercial Refrigeration ECM Motors

Retrofit Replacement ECM Motors

## Systems & Sub-Systems – 25%

Configurable Blowers

Draft Inducers

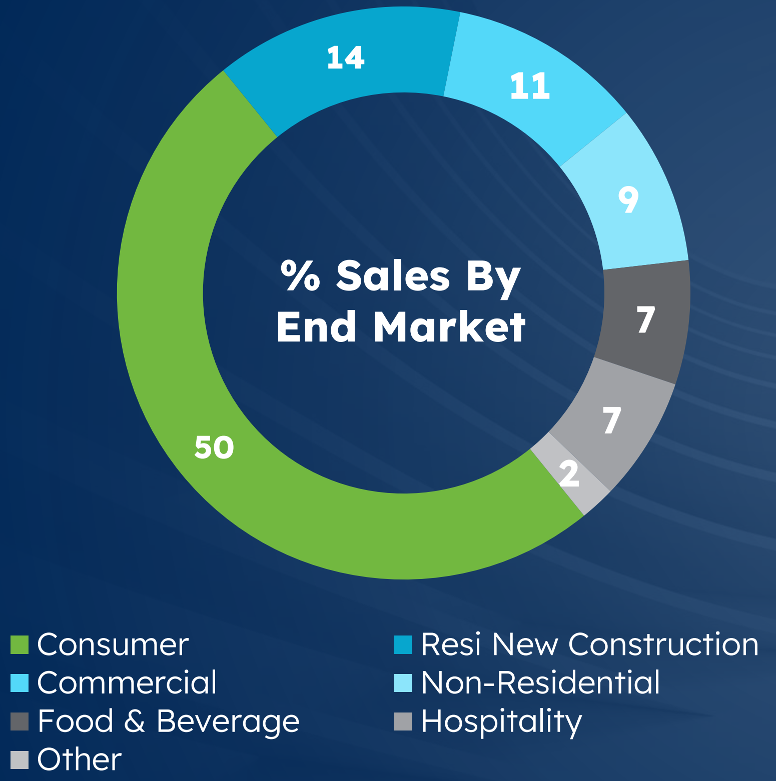
Gas Pre-Mix Blowers

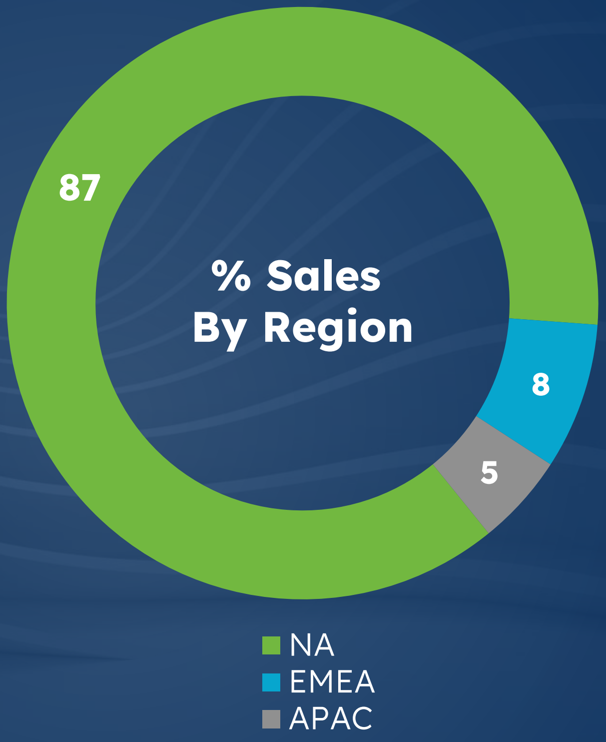
Hybrid Drives

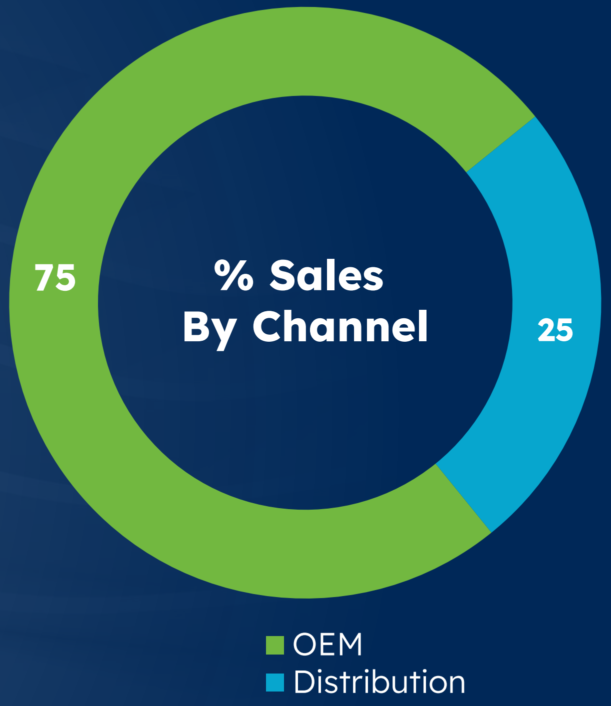
CR Blower Solution

**Leading Provider Of Electronic Variable Speed Motors (ECM) And Air Moving Sub-Systems**

# CLIMATE SOLUTIONS SALES SEGMENTATION DETAIL*




**Aggressively Broadening Our Customer And Geographic Diversity With New Proprietary Sub-Systems**

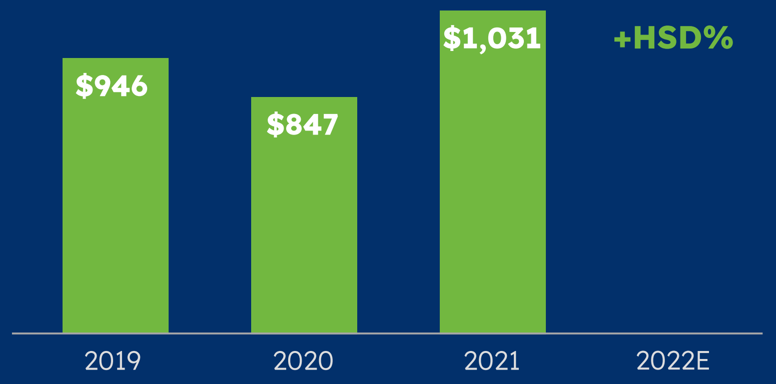
*2021 Data

# STRONG FINANCIAL PERFORMANCE

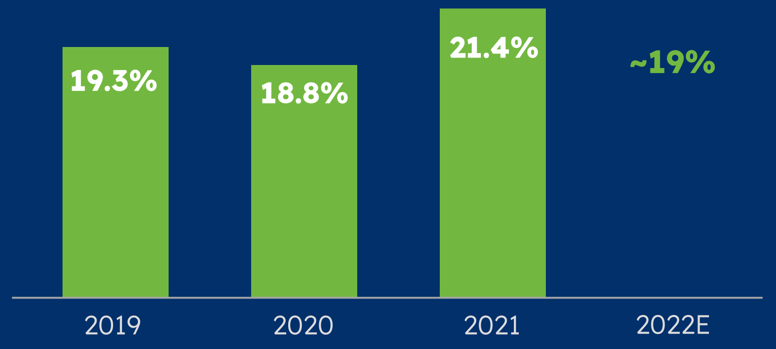
## Record Sales & Adjusted EBITDA Margins In 2021

- Technology Leadership And Superior Service Levels Driving Share Gains
- Winning In Higher-Value Electronic Motors And Sub-Systems
- Inflation, Over-Serving Key Customers Temporarily Weighing On EBITDA Margins

### Net Sales ($M) [1,2]




### Adjusted EBITDA Margin [1,2]




[1]Non-GAAP Financial Measurement, See Appendix For Reconciliation.
[2]As Reported Except Reflects The Retroactive Effects Of Changing Accounting Methods For Valuing Certain Inventories From LIFO To FIFO For 2019 – 2021.

# ATTRACTIVE END MARKET GROWTH OUTLOOK



## Reliable Long-Term Growth Characteristics In U.S. Resi HVAC Replacement (Consumer) Tied To Demographics And Rising Energy Efficiency Levels

- Improving Position In Non-U.S. Markets And Adjacent Product Categories, Including Water Heating
- Meaningful Regulatory Drivers
- Rising Exposure To Secular Drivers

| End Market | 2022 - 2025 Growth |
|---|---|
| Consumer | LSD % |
| Resi New Construction | MSD % |
| Commercial | LSD % |
| Non-Residential | MSD % |
| Food & Beverage | MSD % |

**Leading Market Position Accelerated By Decarbonization, Energy Efficiency & Regulatory Tailwinds**

# MANY GROWTH AND OUTGROWTH DRIVERS

**Secular Mix Shift Across Installed Base**

To Energy Efficient Electronic Motors, Where We Lead

**Sub-System Opportunities**

Technology Leadership To Pursue Attractive Opportunities Globally

**Decarbonization**

Driving Significant New Market Opportunities

Heat Pump

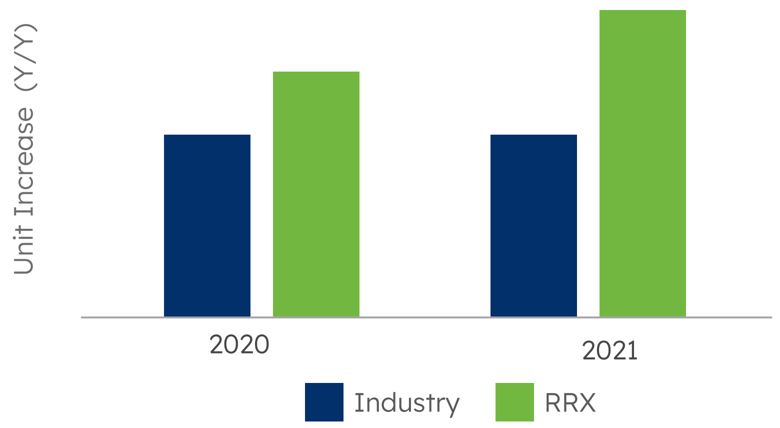
**Technology Leadership Opens Adjacencies And Global Expansion**

# SIZABLE U.S. RESI HVAC INSTALLED BASE SHIFTING TO ELECTRONIC MOTORS

## ECM Less Than 30% Penetrated Today

- Proprietary Programmable Motor Technology Driving Contractor Aftermarket Share Gains
  - ECM Made Easy
- Outgrowing The Market In ECM, Driven By Leading Technology, Reliability, And Service

### RRX ECM Growth Outpacing Industry*




**Leadership In Electronic Motors Driving Further Volume And Mix Benefits**

* AHRI Data.

# GLOBALIZING SUB-SYSTEM OFFERING

## Advanced Blower Sub-System Supports Global Migration To Efficient Water Heating

- Precisely Optimizes Flow Of Air And Gas Into Combustion Chamber
- Reduced Emissions
- Leading Share In N.A. & Rapid Expansion Into Europe Leveraging Proven Technology
- Connected & Communicating – Links To Building Automation Systems

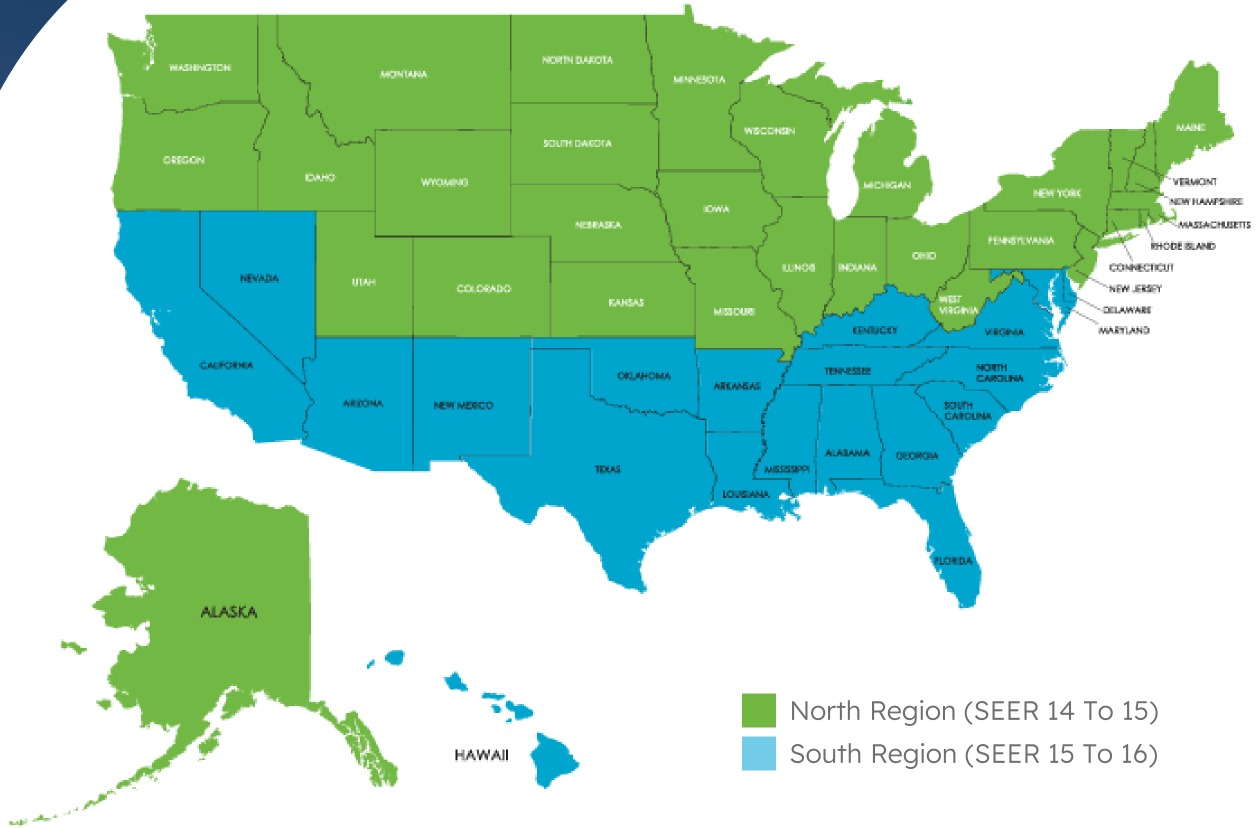
FASCO + Perceptiv™

**Intelligent Gas Premix Sub-System**

**Target ~$25M Incremental Sales Through 2025**

# REGULATORY CHANGES EXPECTED TO ACCELERATE ECM MOTOR ADOPTION

- SEER 2023 Minimum Efficiency Standards Should Accelerate ECM Motor Adoption, Particularly In Air Handlers



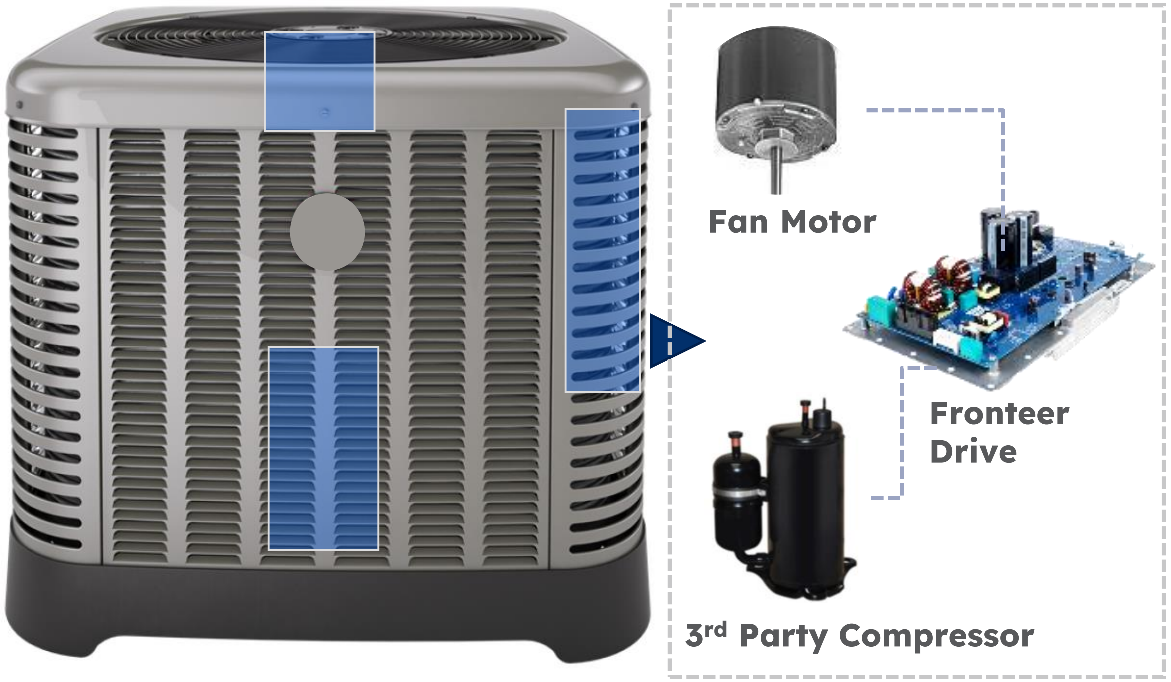

**Technology Leadership And Global Scale Position Us Well**

# EXPANDING BEYOND MOTORS TO CONTROLS, LEVERAGING PROPRIETARY TECHNOLOGY

## Proprietary Solution To Help OEMs More Cost-Effectively Meet Higher Energy Efficiency Standards

FRONTEER™

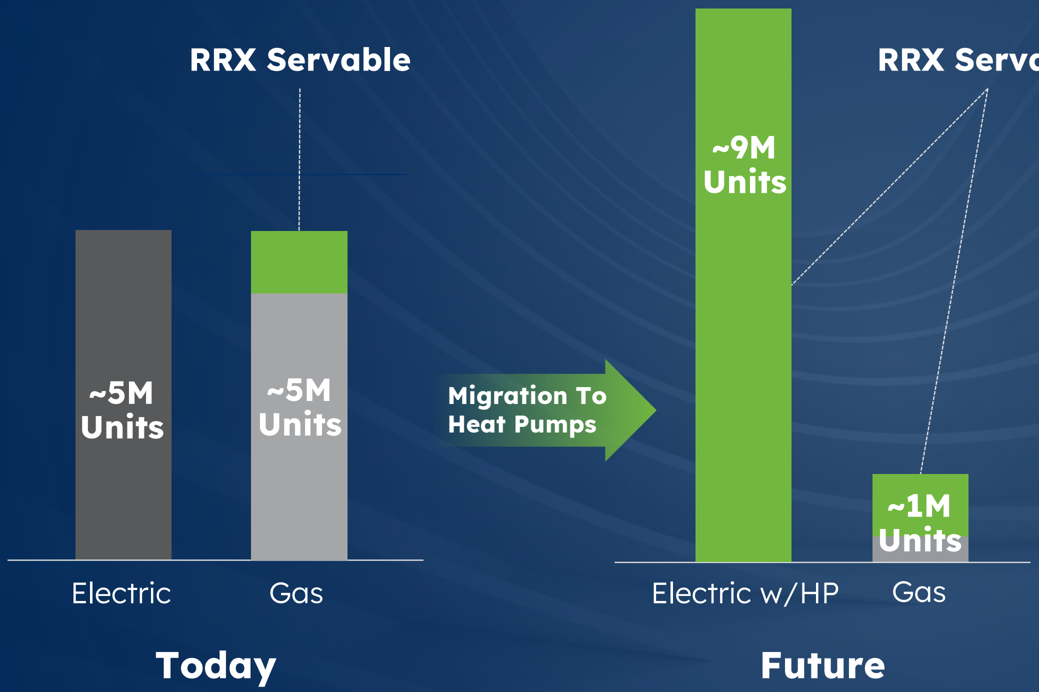
- Patented Compressor Drive And Fan Motor Controller
- Proprietary Compressor Drive Algorithm
- Enables Most Efficient Variable Speed System Available (SEER Gain/Cost)
- Applications In Residential Unitary HVAC & Heat Pumps




**Expected To Add 200-300 Basis Points Of Growth, With Upside On 2025 "Low GWP" Regulatory Change And Trend To Heat Pumps**

# CAPITALIZING ON SHIFT TO HEAT PUMP WATER HEATING

## Residential Water Heaters Expected To Migrate Towards 100% Heat Pumps (HP)




**Heat Pump Water Heater**

**Servable Market Expanding By 9 Million Units By End Of The Decade**

# EMERGING EUROPEAN RESIDENTIAL HEAT PUMP MARKET

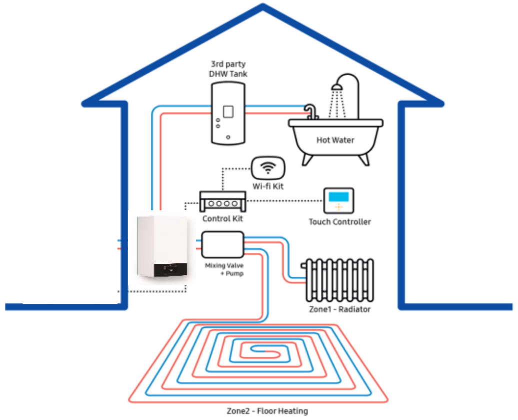
## Incentives, Regulation, And Energy Security Concerns Accelerating Heat Pump Adoption

- Addressing This New, Adjacent Market With ECM Motor, Air Moving & Intelligent Control Sub-Systems
- EU Goal – 17M Unit Market Expanding To ~50M Unit Installed Base By 2030*

## Whole Home Solutions

**From**

Gas Boiler Heating System

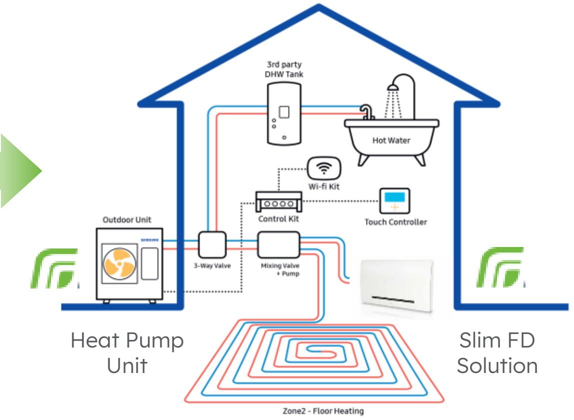



**Y 2022**

RRX Content $0

**To**

Heat Pump Heating/Cooling System




**Y 2025**

RRX Content $50-$150

**Leveraging Proven Sub-System Technologies In A New, High-Growth Market**

*Source: European Heat Pump Association

# INVESTMENT THESIS

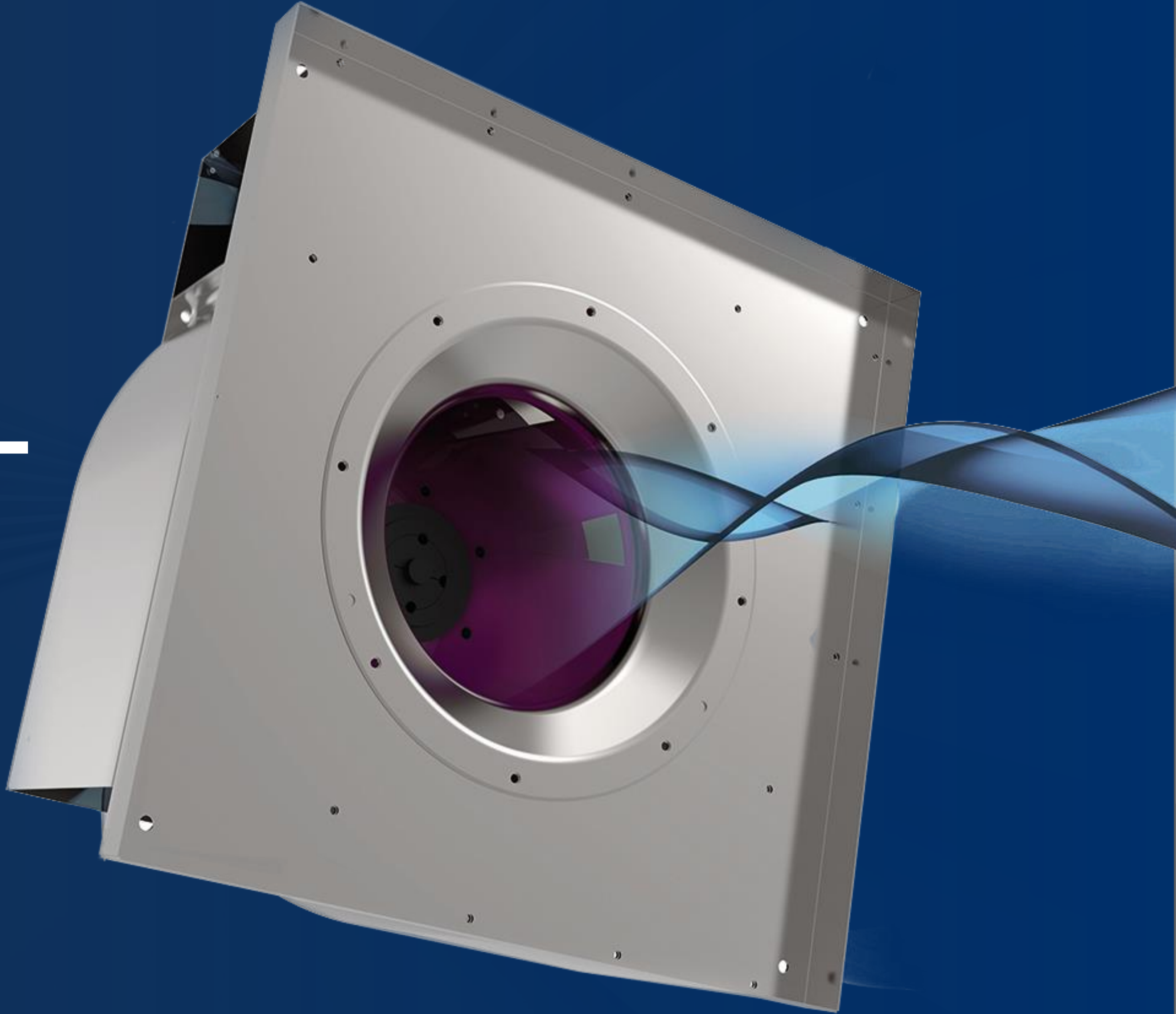
- Premier Business With Differentiated Technology, Deep Application Expertise & Leading Market Positions
- Global Regulatory Growth Drivers
- Many Opportunities For Above-Market Growth, Tied To Decarbonization & Energy Efficiency Improvements
- Sub-System Strategy Is Driving Robust Share Gains – Leveraging Proven Technologies In New Markets

RegalRexnord

# COMMERCIAL SYSTEMS

## Scott Brown

President



INVESTOR DAY 22

# COMMERCIAL SYSTEMS SEGMENT OVERVIEW

## Leading Global Provider Of Special Purpose Motors And Air Moving Sub-Systems

- Technology Leadership, Deep Domain Expertise Across Broad Range Of Applications, And Superior Service Levels

## Components – 88%

**Super Premium Efficiency Variable Speed Motors**

**Pool Motors General & Premium Efficiency**

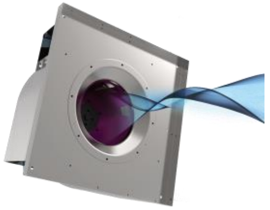
**Water System Motors General & Premium Efficiency**

**Air Moving Motors General & Premium Efficiency**

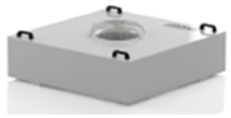
**Compressor Hermetic Premium Efficiency Motors**

**General Purpose Motors**

## Sub-Systems – 12%



**Premium Efficiency Air Moving Systems**



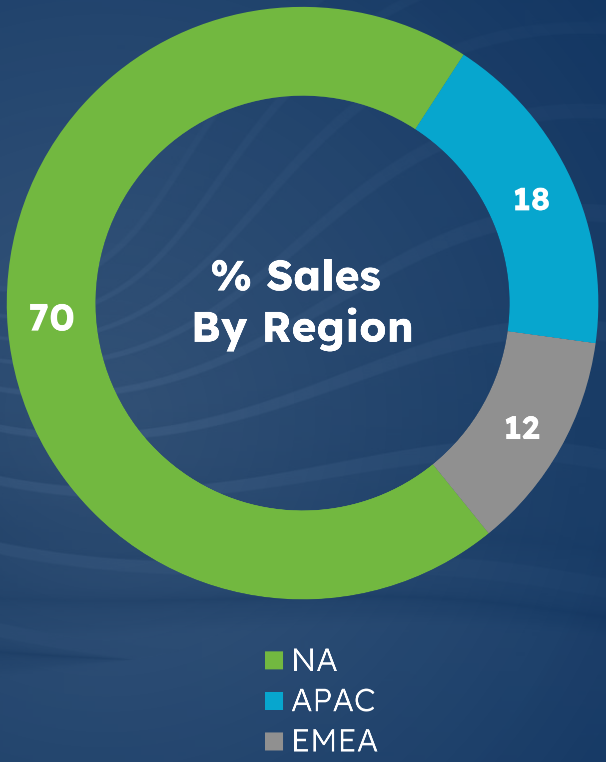
**Laboratory & Silicon Manufacturing Fan Filter Systems**

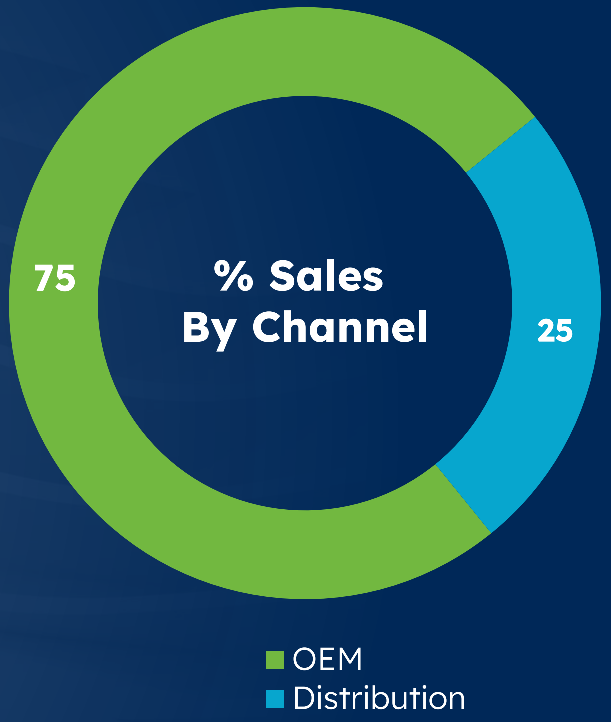
**High Speed Premium Efficiency Pump/Vacuum/Blower Systems**

**Premium And Super Premium Efficiency Sub-System Focus**

# COMMERCIAL SYSTEMS SALES SEGMENTATION DETAIL*




**Growing In Core And New Markets With Innovative Sub-System Designs And Improved Go-To-Market**



*2021 Data

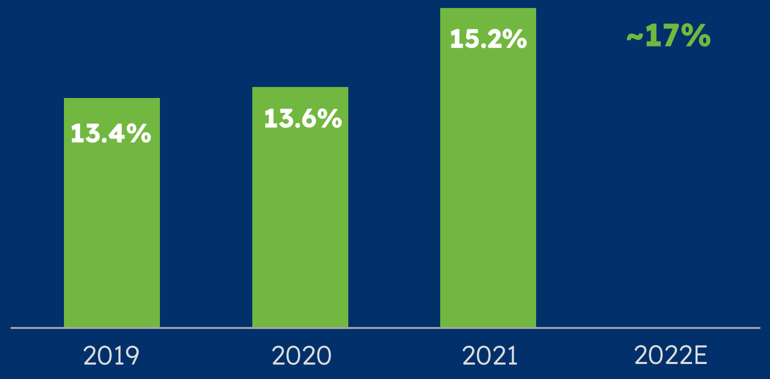
# FINANCIAL PERFORMANCE HIGHLIGHTS TRANSFORMATION

## Dramatic Improvement To Growth & Margin Performance

- Solid Margin Expansion Driven by 80/20, RBS, And Mix-Positive New Products
- Share Gains From Service Levels, Product Management Investments, And Early Digital Momentum

Net Sales ($M) [1,2]


Adjusted EBITDA Margin [1,2]




**80/20 Is Transforming This Business Into A Higher-Margin, Faster-Growing Enterprise**

[1]Non-GAAP Financial Measurement, See Appendix For Reconciliation.
[2]As Reported Except Reflects The Retroactive Effects Of Changing Accounting Methods For Valuing Certain Inventories From LIFO To FIFO For 2019 – 2021.

# ATTRACTIVE END MARKETS WITH GOOD SECULAR MIX



## Balanced Set Of Early/Mid/Late Cycle End Markets

- Healthy Secular Exposure, Tied To Rising Energy Efficiency Requirements In Our Core Pool And Commercial Building Markets
- Investments Focused On Higher-Growth Data Center, Clean Room, Food & Beverage, And eCommerce Markets
- Small & Medium-Sized Customers Across A Range Of Markets

| End Market | 2022 - 2025 Growth |
|---|---|
| Commercial | LSD – MSD % |
| Non-Residential | MSD % |
| Consumer | LSD % |

**Compelling Growth Opportunities In Markets Served**

# ACCELERATING MIX-POSITIVE GROWTH



**Digital Accelerating Growth**

Focused On Under-Served, High-Margin Customers

**Robust New Product Engine**

VOC-Driven

Vitality Doubling In Next 3 Years

**Energy Efficiency Leadership**

Broadest, Most Reliable Offering In The Market

**Proprietary Sub-Systems**

Optimizing Sub-Systems With Leading Component Technology

**Ample Runway On Growth And Margins As We Continue Transforming This Business**

# DIGITAL ACCELERATING GROWTH



**Setting The Strategy**

Used 80/20 To ID Targets And Align Differentiated Offering To Customer Needs – “Perfect Prospects”

Focus On Small/Medium Customers (<$1M) In GDP+ Growth Markets

**Investing For Execution**

Digital, eCommerce & Customer Lead-To-Cash Value Stream

Achieving Best-In-Class Service Levels Leveraging Existing Hub/Spoke Supply Chain Infrastructure

Clear Sales Incentive Alignment

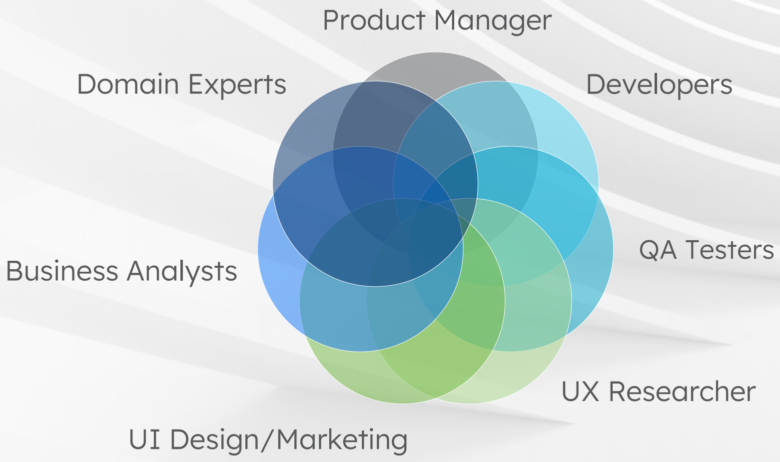

**Gaining Share In An Underserved Market**

# ROBUST NEW PRODUCT DEVELOPMENT ENGINE

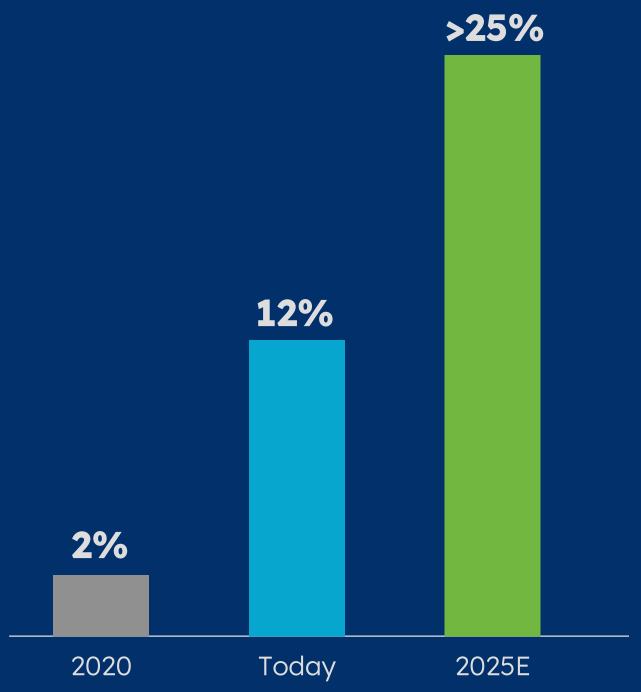
## Investing Heavily In Proprietary Technologies To Create Global Platforms And Optimized Sub-Systems

- Global Platforms Of Scale With Clear Product Road Maps
- Using 80/20 To Increase Focus On Secular End Markets
- Solution Teams Focused On Sub-Systems For Quad I

### Product Solutions Team




### OEM Vitality




**Targeted NPD Investments Accelerating Our Pace Of Transformation**

# BROADEST RANGE IN SUPER PREMIUM EFFICIENCY

- Broadest Range Of IE4+ Commercial Motors
- Applications Leveraging RRX Domain Expertise In Key Markets
- Include C-HVAC, Data Center, Clean Room Plus General Industrial Applications

## Commercial Motor Efficiency Grades

International Electromechanical Commission Standard

| | |
|---|---|
| **IE5** | Ultra Premium (Proposed) |
| **IE4** | Super Premium |
| **IE3** | Premium |
| **IE2** | High |
| **IE1** | Standard |

Marathon® 56 Frame
Permanent Magnet AC Motor
With Integrated Electronic Control

**Leading Position Serving Markets Needing Higher Energy Efficiency**

# THE POWER OF OUR TECHNOLOGICAL BREADTH

## Leveraging Our Unique Technology Leadership In Air Moving Sub-Systems

- 10% Less Blowers Needed To Meet Flow Requirements Compared To Competition
- 10% Less Energy Consumption
- Less Peripheral Material Needed

## Disruption In Air Moving Sub-Systems


COPRA.
COMPACT AND EFFICIENT.
THE PERFECT MATCH.
The space-saving centrifugal fan system.

**Widening Our Advantage By Creating Differentiated Value, Opening A New, $250M Market**

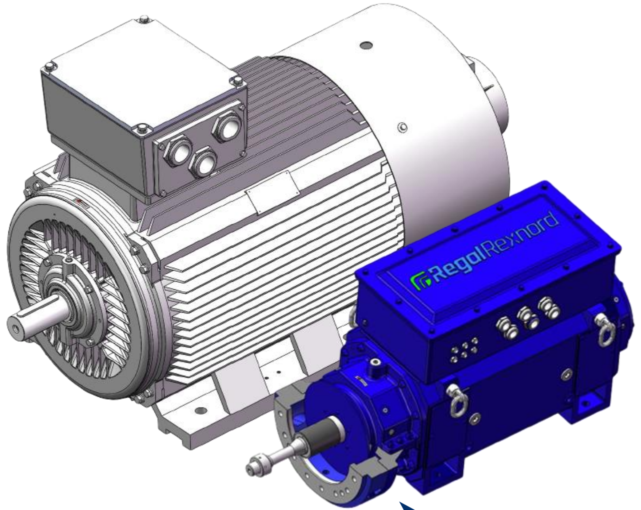
# BRINGING OUR LEADING HIGH-SPEED TECHNOLOGY TO NEW SECULAR MARKETS

## A New, High-Efficiency Technology With Applicability In Many Adjacent Markets

- Example Of 80/20 Mindset & Global Platform Approach
- 35% More Energy Efficient Than Current Market Offerings
- Lowers Retrofit Costs – 50% Smaller Footprint, 65% Lighter
- Real-Time Monitoring Powered By Perceptiv®

## High-Speed Motorized Vacuum Pump Sub-Systems

Competitor Offering




RRX High Speed

**Entering New, $300M Adjacent Market With Proven Technology**

# INVESTMENT THESIS



- **Transformation Accelerating** – Our 80/20 RBS And Growth Initiatives Are Working…. Flywheel Momentum Building
- **Accelerating Investments In Digital** To Take Our Rightful Share With Underserved, High Margin Small/Medium Customers
- **New Product Engine Powering Up**…Vitality Doubling Over The Next Three Years To 25%
- **Expanding Served Market** By Leveraging Proprietary Technology In New Applications
- **Our Culture Is Creating A Sustainable Advantage** – Executing Innovation With Purpose Faster Than Our Competition

RegalRexnord

# M&A STRATEGY

## Justin Baier

VP Strategy & Business Development

INVESTOR DAY 22

# OVERHAULED M&A PROCESS AND TOOLS

## M&A Strategy
- Long-Term Vision
- Measurable Financial Targets
- Portfolio Strategy

**Clear Guideposts**

## Market & Target Assessment
- Templates Defining Standard Work
- Assessments Of Growth And Industry Dynamics

**Standard Work Templates**

## Funnel Management
- Segment And Corporate Funnel Tools
- Coordinated Cultivation Efforts
- Cadence Of Review

**Healthy Deal Flow**

## Valuation & Deal Assessment
- ROIC Model As Key Tool
- Range Of Valuation Techniques
- Standardized Diligence Process

**Data-Driven Decisions**

## Integration Strategy
- Integration Management Office (IMO)
- Detailed Tracking And Reporting

**Synergy Capture**

**Clear Strategy Focused On Growth & Margin Enhancement Supported By Disciplined Processes And Standardized Tools**

# M&A FOCUS AREAS



| | **Bolt-Ons** To Strengthen The Core | **Adjacent Moves** To Add Growth And Margin | **Transformative Moves** To Reshape Portfolio |
|---|---|---|---|
| **Recent Transactions** | | ARROWHEAD SYSTEMS, INC. The Dominant Force in Material Handling | REXNORD |
| **Deal Rationale** | Close Gaps In Portfolio; Product, Geography, End-Market<br><br>Expand System Solutions For Our Customers | Secular Growth Exposure And Clear Differentiation<br><br>Ensure Connection To Broader Portfolio To Increase Synergy Potential | Strengthen Core Or Create New Segment<br><br>Create Step-Change In Our Growth And Margin Profile |

**Leverage M&A To Mix Up Into Secular & Higher Growth Markets**

# DEAL SCREENING CRITERIA



## M&A Targets

### Pre-Screen Vision State

- Must Clear Specific Margin & Growth Hurdles


- Secular/GDP+ Growth
- Limited Tech Disruption
- Deal Runway

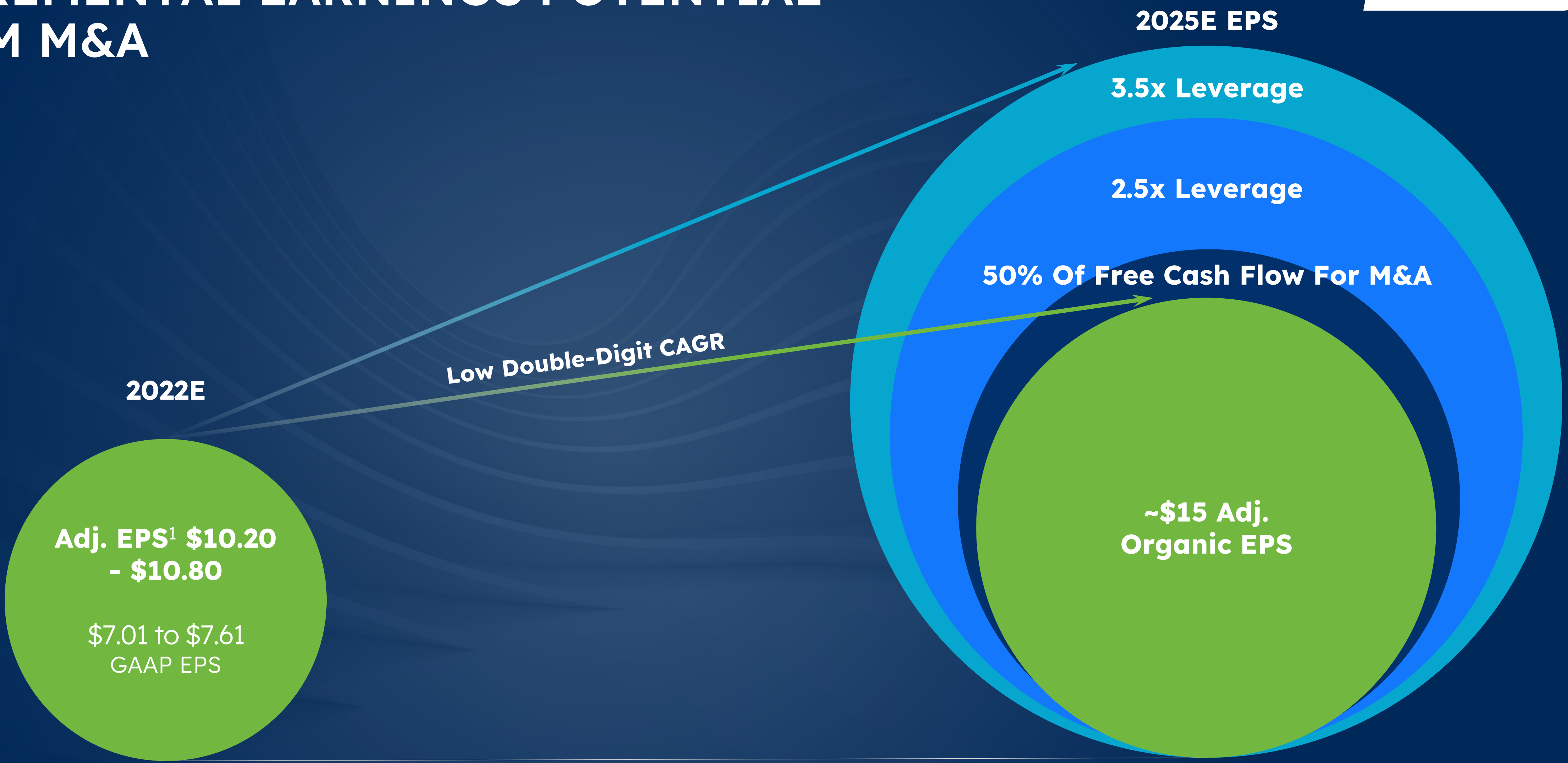
- Path To Gross Margins >35%
- Leading Position/Brand
- Differentiated Product

- Fit With RRX Culture
- Leverages RRX's Strengths
- Reinforces/Adds Capabilities

- ROIC>WACC By 200bp
- EPS Accretive In Y1
- Strong Cost Synergies

**A Disciplined Approach To Mergers And Acquisitions**

# INCREMENTAL EARNINGS POTENTIAL FROM M&A




**Strong Free Cash Flow, Ample Balance Sheet Capacity, And Proven Integration Capabilities Enable Significant EPS Upside**

[1]Non-GAAP Financial Measurement, See Appendix For Reconciliation.

RegalRexnord

# FINANCIAL DISCUSSION

Rob Rehard

CFO

INVESTOR DAY 22

# FINANCE KEY MESSAGES



**Accelerating Growth Across The Portfolio**

**Significant Gross Margin Expansion Opportunity**

**Expect $1 Billion Annual Free Cash Flow By 2025**

**Exceptional Balance Sheet Flexibility**

**Strategic Capital Deployment As A Catalyst For Growth**

# PMC MERGER SCORECARD – BROADLY OUTPERFORMING

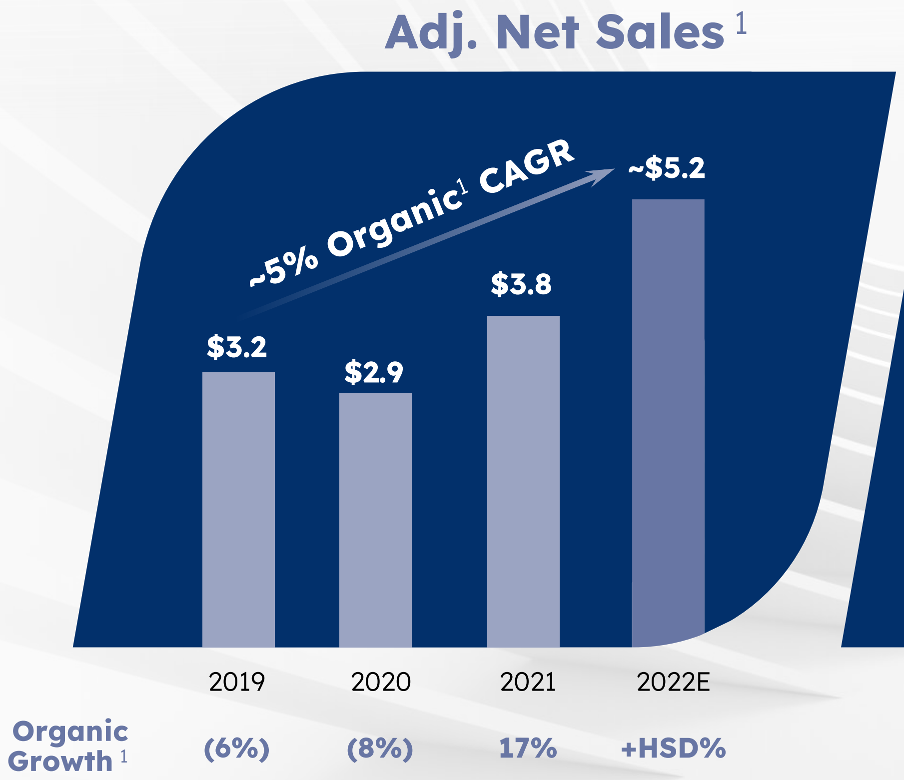


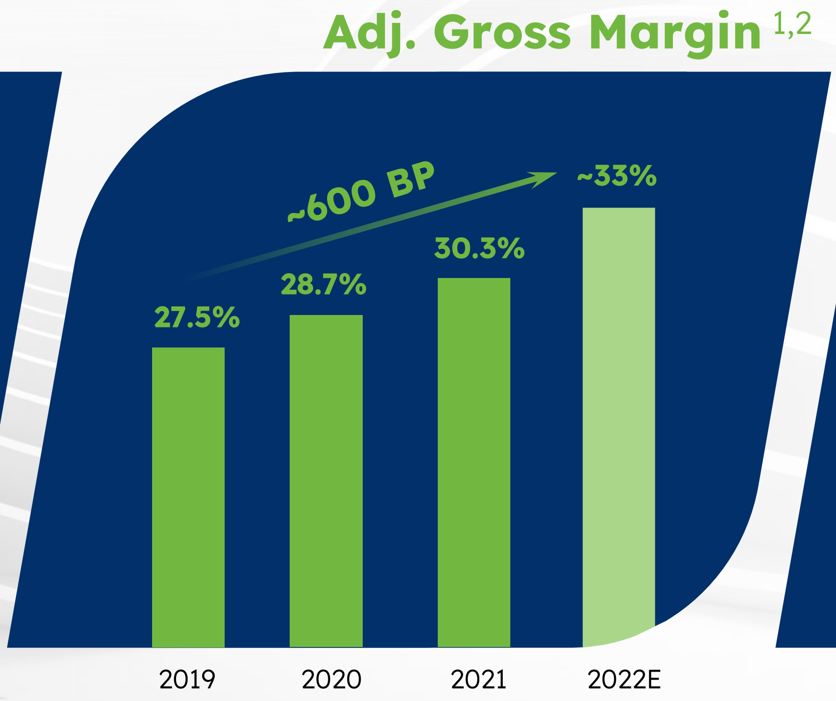
| | EXPECTATION AT ANNOUNCEMENT (2/2021) | EXPECTATION AT CLOSE (10/2021) | CURRENT EXPECTATION | TRACKING |
|---|---|---|---|---|
| **Net Sales** (2022) | ~$4.5B | $5.0B | $5.2B | ↑ |
| **Adj. Gross Margin** | ~33% | Unchanged | ~33% | → |
| **Adj. EBITDA** (2022) | ~$0.94B | >$1.0B | >$1.1B | ↑ |
| **Adj. EBITDA Margin** (2022) | ~21% | Unchanged | >21% | ↑ |
| **Cost Synergies** (By Year 3) | $120M | Unchanged | ~$150M | ↑ |
| **ROIC** | >10% By Year 5 | Unchanged | >10% By Year 4 | ↑ |

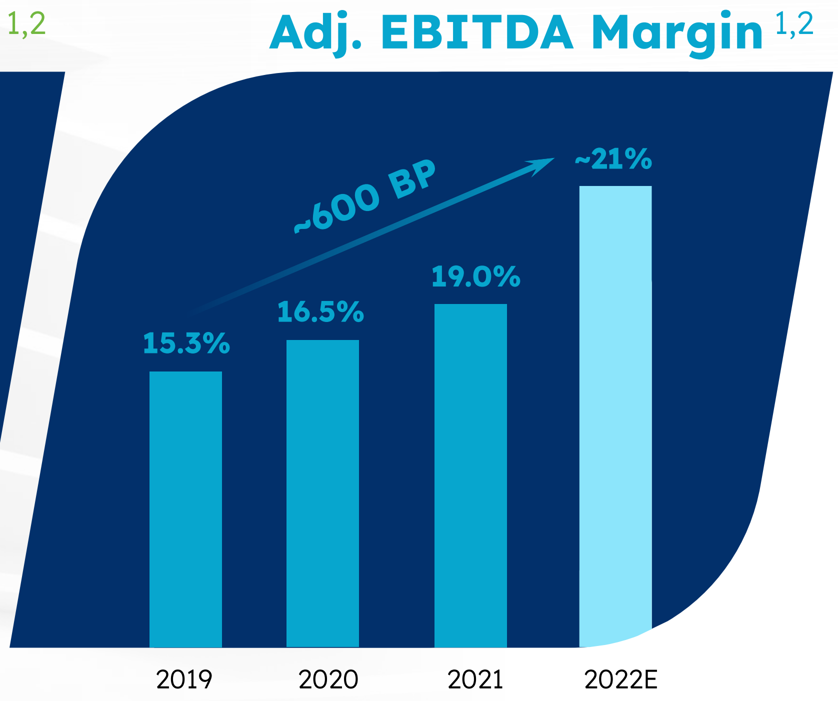
**Strong Execution On Merger Integration And Synergies**

↑ Ahead → On Track

# RECENT FINANCIAL PERFORMANCE



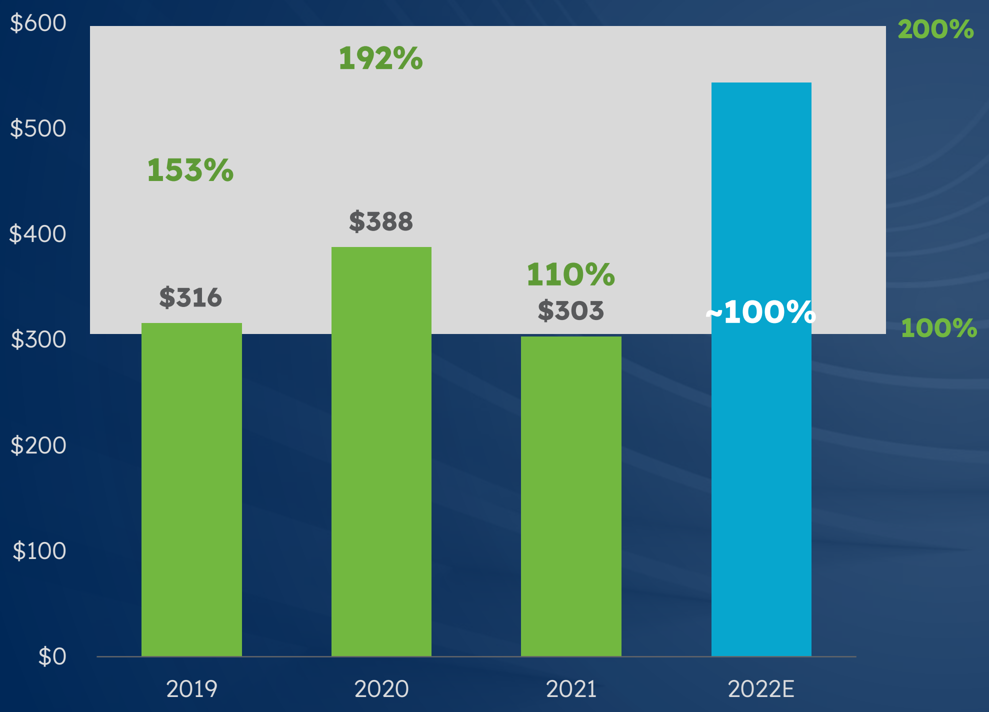

**Transformation Evident In Our Financial Performance, With Margins Up ~600bps In Last 4 Years**

[1]Non-GAAP Financial Measurement, See Appendix For Reconciliation.
[2]As Reported Except Reflects The Retroactive Effects Of Changing Accounting Methods For Valuing Certain Inventories From LIFO To FIFO For 2019 – 2021. Does Not Reflect Pro Forma Adjustments For The Acquisitions Of Rexnord PMC Or Arrowhead

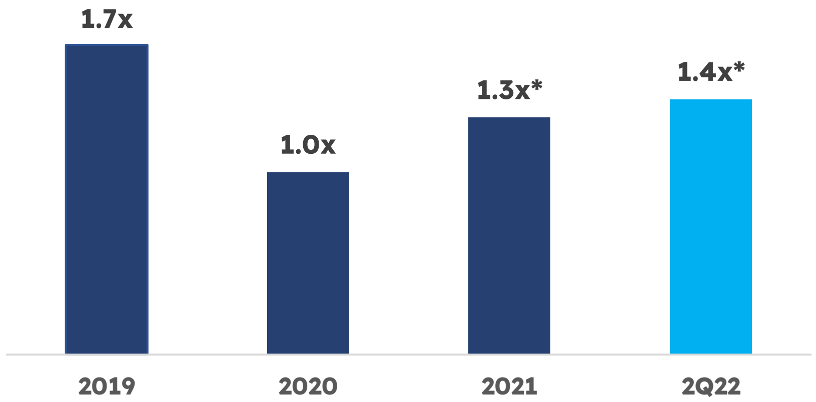
# FREE CASH FLOW AND DEBT

## Consistent Track Record Of Strong FCF Generation

**Free Cash Flow** ($M) [1]
**Free Cash Flow Conversion** (%) **,[1,2]




## Net Debt[1]/Adjusted Bank EBITDA [1,2]




## Maturity Schedule
(Millions)


**Robust FCF Conversion And Strong Balance Sheet Provides Flexibility**

[1]Non-GAAP Financial Measurement, See Appendix For Reconciliation.
[2]As Reported Except Reflects The Retroactive Effects Of Changing Accounting Methods For Valuing Certain Inventories From LIFO To FIFO For 2019 – 2021. Does Not Reflect Pro Forma Adjustments For The Acquisitions Of Rexnord PMC Or Arrowhead.
* Pro Forma For Rexnord PMC & Arrowhead Transactions. ** Free Cash Flow As % Of Adj. Net Income..

# 2022 FINANCIAL OUTLOOK



## Guidance As Of 2Q Earnings

**~$5.2B**
Revenue
HSD Organic Growth

**~21%**
Adj. EBITDA Margin

**$10.20 - $10.80**
Adj. EPS[1]

**$7.01 to $7.61**
GAAP EPS

**100%**
FCF Conversion

## Current Update

- Reaffirming 2022 Guidance
- Book-To-Bill At ~1.0x
- Supply Chain Challenges Continue As Expected
- Backlog Remains At Elevated Levels As Expected
- Synergies On Track At $70M Exit Rate
- Continue To See Path To Adjusted EPS North Of Guidance Midpoint

**Delivering On Our Commitments**

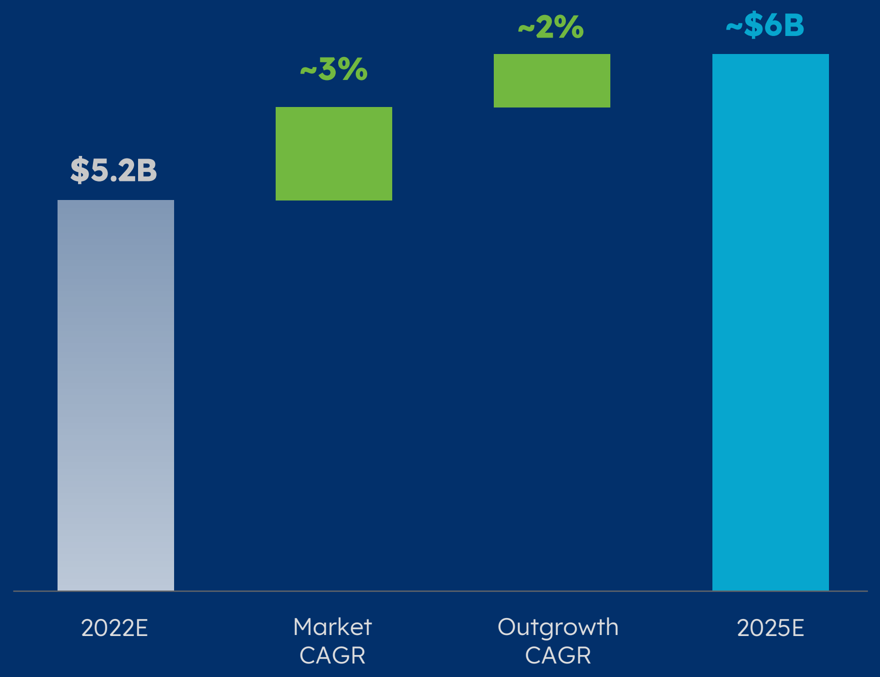
[1]Non-GAAP Financial Measurement, See Appendix For Reconciliation.

# THREE YEAR SALES OUTLOOK

## Expect To Outgrow End Markets By ~50%

- Forecast Assumes ~3-4% Organic Growth In 2023, ~5-6% Thereafter
- Assume ~Flat Price (Modest Givebacks On Material Price Formulas Mostly Offset By Pricing Management On Non-Contracted)
- Forecast Assumes No Recession Over 3-Year Forecast Period

## Sales Bridge




**Improving Outgrowth Tied To New Products & Solutions, Including Powertrain**

# THREE-YEAR ADJUSTED EBITDA MARGIN OUTLOOK

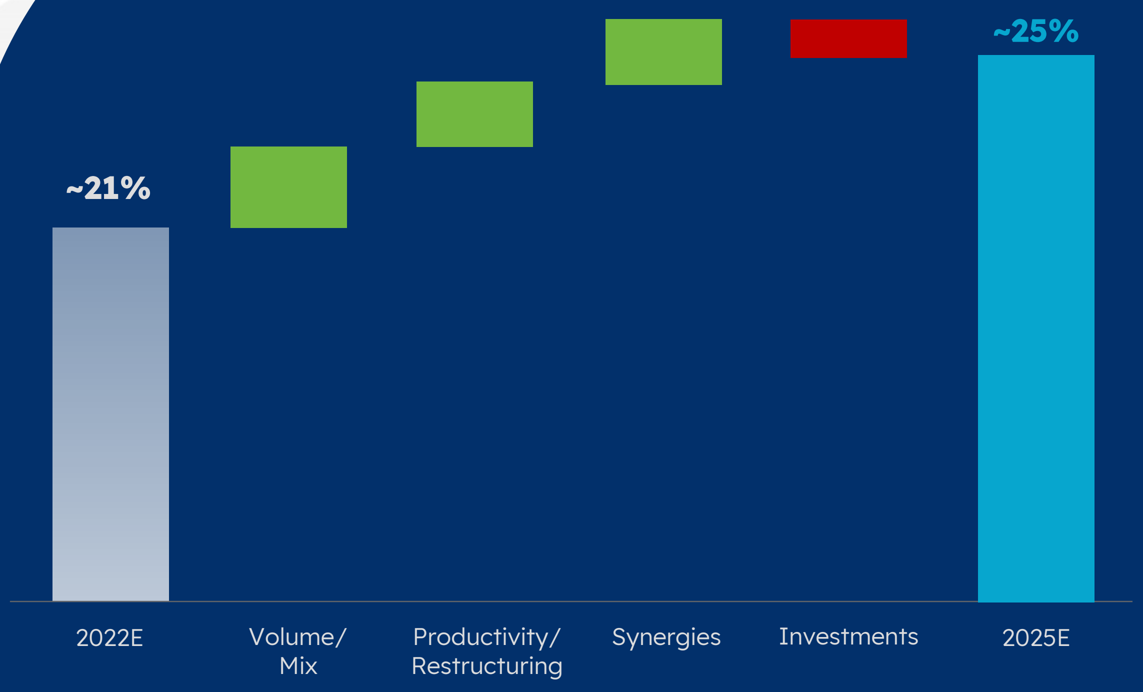


- Mix Expected To Be A Key Driver Of Further Margin Gains
- Merger Synergies And Ongoing Restructuring Are Meaningful Tailwinds
- Investments Focused On High-ROIC Growth Opportunities

**Segment Adj. EBITDA Margin Targets**

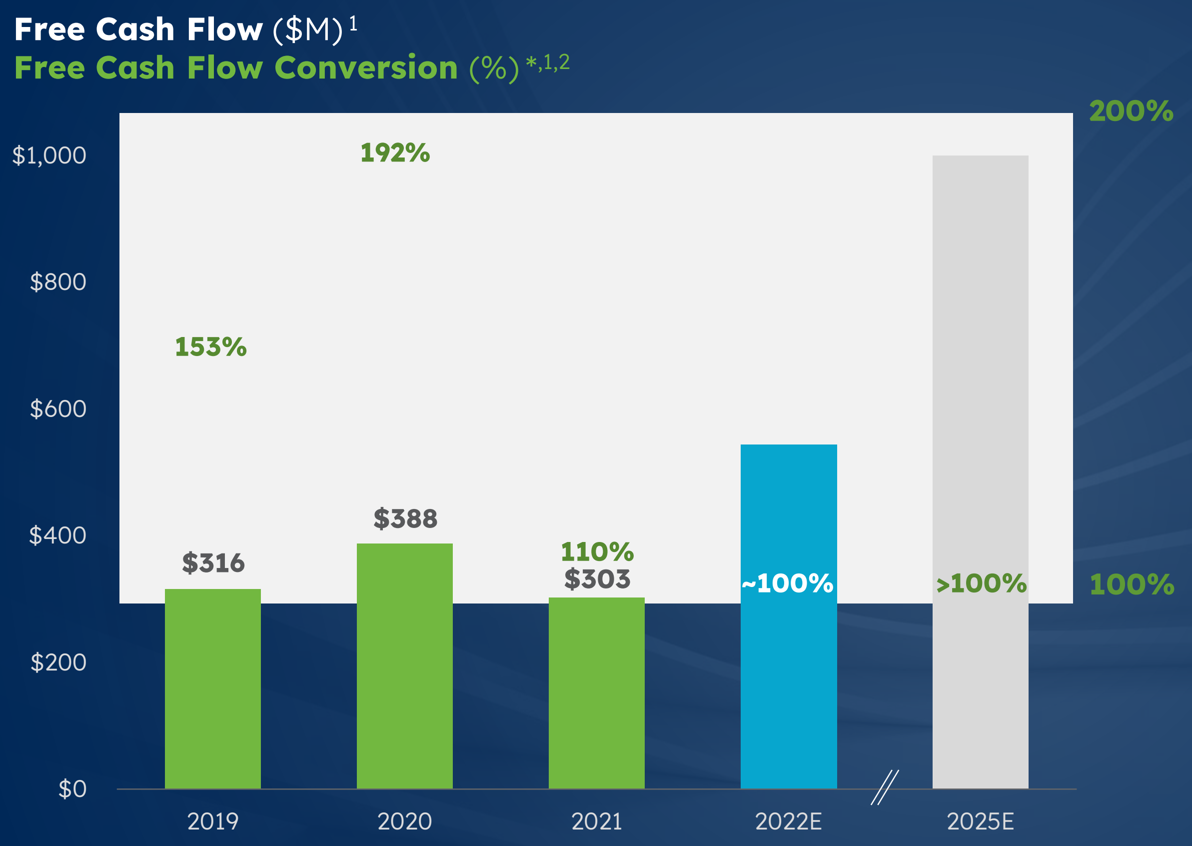
| Segment | 2022E | Next 3 Year |
|---|---|---|
| MCS | ~26% | 27 – 31% |
| Climate | ~19% | 19 – 21% |
| Commercial | ~17% | 17 – 20% |
| Industrial | ~12% | 12 – 15% |

## Adj. EBITDA Margin Bridge




**Forecasting ~25% Adjusted EBITDA Margin By 2025**

# FREE CASH FLOW




## 2025E Free Cash Flow

## ~$1 Billion

**We See A Path To ~$1 Billion Annual FCF By 2025**

[1]Non-GAAP Financial Measurement, See Appendix For Reconciliation.
[2]As Reported Except Reflects The Retroactive Effects Of Changing Accounting Methods For Valuing Certain Inventories From LIFO To FIFO For 2019 – 2021. Does Not Reflect Pro Forma Adjustments For The Acquisitions Of Rexnord PMC Or Arrowhead.
* Free Cash Flow As A % Of Adj. Net Income

# CAPITAL DEPLOYMENT STRATEGY

## Organic Growth

- 80/20: Prioritize High-Return Investments
- Innovation And New Products
- Synergy Realization
- Productivity

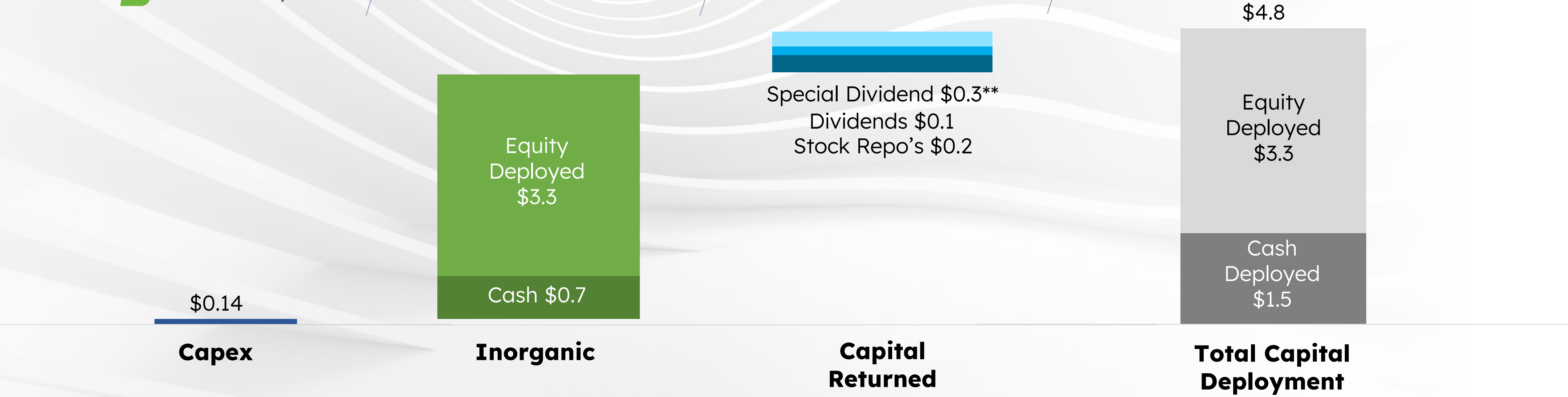
## Inorganic Growth

- Bolt-On Acquisitions And Larger Deals If High Fit
- Strict Strategic Fit And Financial Discipline Criteria

## Return Capital

- Dividends
- Share Repurchases

## Total Deployed*



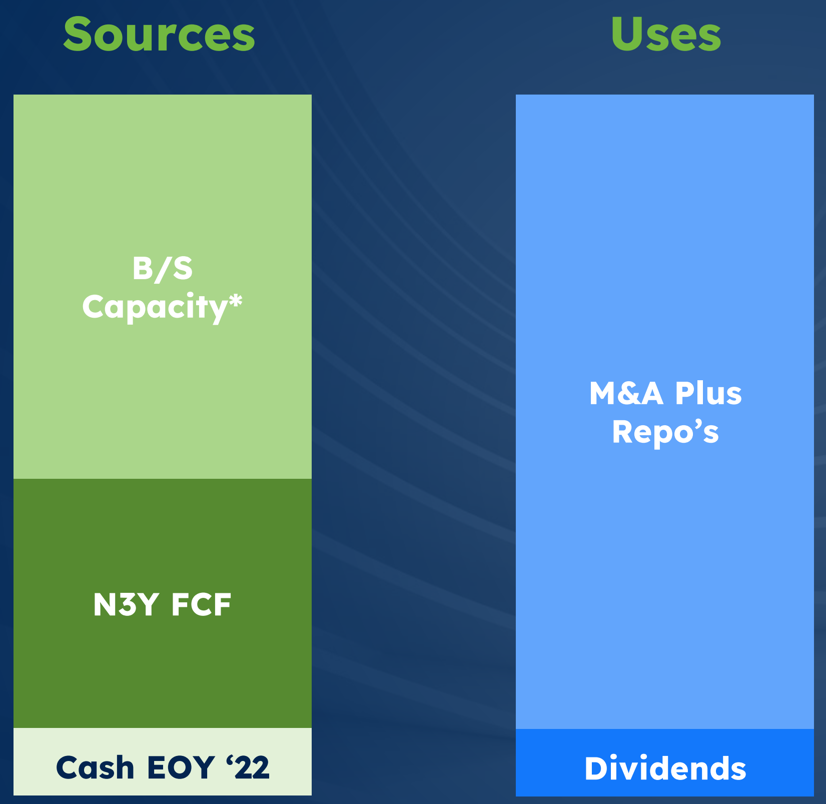

**A Disciplined Approach, With A Bias To Funding Growth**

* US$B, 2020 – 2022 YTD

** Paid In Connection With Rexnord PMC Merger

# SOURCES AND USES

## (2023 – 2025E)




**Capital Deployment Capacity**

**~$6 Billion**

**Capital Allocation Biased To Growth**

*Assumes Adding 2.5x Of Leverage On A Net Debt/Adj. EBITDA Basis

# DIVIDENDS PAID


**Consistent Track Record Of Raising The Dividend**

* Excludes Special Dividend Associated With Rexnord PMC Merger.

# OUTPERFORMING ON TOTAL SHAREHOLDER RETURN

## Transformation Momentum Contributing To Outperformance

- Rising Evidence Of Outgrowth
- Credible Path To Continued Margin Gains
- Transformational Merger With Rexnord PMC, Compelling Arrowhead Acquisition
- Sizable Free Cash Flow
- Tremendous Upside From Capital Deployment


**Since 2018, RRX Delivered A TSR Of 103% Vs. The S&P 400 Industrials At 49% And The S&P 500 At 64%**

Source: FactSet

# EXPECTED REGAL REXNORD IN 2025

**Revenue**
**>$6B, GDP+ Growth**
(4 – 6% Organic)

**Adj. Gross Margin**
**~37%**

**Adj. EPS**
**~$15**
(Low DD CAGR)

**~$1B**
**Annual FCF**

**Adj. EBITDA Margin**
**~25%**
**Of Net Sales**

Another 300 in 3

**Capex**
**<2%**
**Of Sales**

**Secular End Market Exposure**
**>35%**

**Vitality**
**~28%**

**A Compelling Investment Thesis For All Of Our Stakeholders**

# APPENDIX

# APPENDIX

**TOTAL REGAL REXNORD ADJUSTED GROSS MARGIN**

Unaudited

(Dollars in Millions)

| | Year Ended | | |
|---|---|---|---|
| | Jan 1, 2022 | Jan 2, 2021 | Dec 28, 2019 |
| Net Sales | $3,810.3 | $2,907.0 | $3,238.0 |
| Net Sales from Businesses Divested/to be Exited | — | — | (52.8) |
| Adjusted Net Sales | $3,810.3 | $2,907.0 | $3,185.2 |
| Gross Profit as Reported | $1,085.7 | $ 808.7 | $ 860.7 |
| LIFO to FIFO Adjustment | 25.9 | (2.1) | (3.5) |
| Gross Profit Recasted | $1,111.6 | $ 806.6 | $ 857.2 |
| Restructuring | 20.1 | 27.9 | 20.3 |
| Inventory Step-Up | 24.3 | — | — |
| Adjusted Gross Margin | $1,156.0 | $ 834.5 | $ 877.5 |
| Adjusted Gross Margin % | 30.3 % | 28.7 % | 27.5 % |

# APPENDIX



**SEGMENT INFORMATION**

Unaudited

(Dollars in Millions)

| | Year Ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Commercial Systems | | | Climate Solutions | | | Motion Control Solutions * | | |
| | Jan 1, 2022 | Jan 2, 2021 | Dec 28, 2019 | Jan 1, 2022 | Jan 2, 2021 | Dec 28, 2019 | Jan 1, 2022 | Jan 2, 2021 | Dec 28, 2019 |
| Net Sales | $1,032.1 | $ 820.2 | $ 905.3 | $1,030.6 | $ 846.8 | $ 968.5 | $2,242.4 | $2,019.4 | $ 2,222.0 |
| Net Sales from Businesses Divested/to be Exited | — | — | (25.0) | — | — | (22.2) | — | — | (5.6) |
| Adjusted Net Sales | $1,032.1 | $ 820.2 | $ 880.3 | $1,030.6 | $ 846.8 | $ 946.3 | $2,242.4 | $2,019.4 | $ 2,216.4 |

*Reflects estimated pro-forma adjustments for the Rexnord Process and Motion Control Business and Arrowhead Systems, LLC acquisitions

# APPENDIX

| 2022 ADJUSTED ANNUAL GUIDANCE | Minimum | Maximum |
|---|---|---|
| 2022 Diluted EPS Annual Guidance | $ 7.01 | $ 7.61 |
| Restructuring and Related Costs | 0.68 | 0.68 |
| Intangible Amortization | 2.10 | 2.10 |
| Stock-Based Compensation | 0.29 | 0.29 |
| Transaction and Related Costs | 0.06 | 0.06 |
| Inventory Step Up | 0.10 | 0.10 |
| Gain on Sales of Assets | (0.04) | (0.04) |
| 2022 Adjusted Diluted EPS Annual Guidance | $ 10.20 | $ 10.80 |

# APPENDIX

| TOTAL REGAL REXNORD ADJUSTED EBITDA | Year Ended | | |
|---|---|---|---|
| (Dollars in Millions) | Jan 1, 2022 | Jan 2, 2021 | Dec 28, 2019 |
| GAAP Income from Operations as Reported | $ 332.4 | $ 280.1 | $ 351.1 |
| LIFO to FIFO Adjustment | 25.9 | (2.1) | (3.5) |
| GAAP Income from Operations Recasted | $ 358.3 | $ 278.0 | $ 347.6 |
| Restructuring and Related Costs | 22.0 | 36.8 | 31.3 |
| Transaction and Related Costs | 89.1 | 0.7 | 0.1 |
| Goodwill Impairment | 33.0 | 10.5 | — |
| Inventory Step Up | 24.3 | — | — |
| Net Loss on Assets Divested/to be Exited | 5.6 | 5.6 | (34.7) |
| (Gain) Loss on Sale of Assets | (2.5) | 0.6 | (3.8) |
| Operating Loss from Businesses Divested/to be Exited | — | — | (4.1) |
| Executive Transition Costs | — | 1.8 | 2.2 |
| Adjusted Income from Operations | $ 529.8 | $ 334.0 | $ 338.6 |
| | | | |
| Depreciation and Amortization | $ 170.6 | $ 131.4 | $ 134.5 |
| Other Expense, Net | 5.2 | 4.4 | — |
| Adjusted Bank EBITDA | $ 705.6 | $ 469.8 | $ 473.1 |
| | | | |
| Stock Based Compensation | $ 20.2 | $ 9.2 | $ 13.0 |
| Adjusted EBITDA | $ 725.8 | $ 479.0 | $ 486.1 |
| | | | |
| Adjusted EBITDA Margin % | 19.0% | 16.5% | 15.3% |

# APPENDIX



| ADJUSTED EBITDA | Year Ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Commercial Systems | | | Climate Solutions | | | Motion Control Solutions * | | |
| (Dollars in Millions) | Jan 1, 2022 | Jan 2, 2021 | Dec 28, 2019 | Jan 1, 2022 | Jan 2, 2021 | Dec 28, 2019 | Jan 1, 2022 | Jan 2, 2021 | Dec 28, 2019 |
| GAAP Income from Operations | $ 99.5 | $ 65.1 | $ 106.8 | $ 189.1 | $ 130.0 | $ 163.9 | $ 189.7 | $ 151.6 | $ 188.2 |
| LIFO to FIFO Adjustment | 11.8 | 0.1 | (3.2) | 7.2 | 0.1 | (1.0) | 6.2 | 0.9 | (3.5) |
| GAAP Income from Operations Recasted | $ 111.3 | $ 65.2 | $ 103.6 | $ 196.3 | $ 130.1 | $ 162.9 | $ 195.9 | $ 152.5 | $ 184.7 |
| Restructuring and Related Costs | 8.3 | 6.4 | 11.8 | 0.8 | 3.7 | 4.2 | 13.0 | 33.5 | 17.4 |
| Transaction and Related Costs | — | — | 0.1 | — | — | — | 89.1 | 0.7 | 64.2 |
| Inventory Step Up | — | — | — | — | — | — | 24.3 | — | 26.9 |
| Net Loss (Gain) on Assets Divested/to be Exited | 1.8 | 2.7 | (32.6) | 0.5 | 1.7 | (4.7) | 3.3 | 1.0 | 1.3 |
| Loss (Gain) on Sale of Assets | 0.2 | 0.2 | — | — | 0.2 | (3.8) | (0.5) | (0.1) | — |
| Operating Gain from Businesses Divested/to be Exited | — | — | (3.3) | — | — | (0.5) | — | — | — |
| Executive Transition Costs | — | 0.5 | 0.6 | — | 0.5 | 0.6 | — | 0.4 | 0.5 |
| Adjusted Income from Operations | $ 121.6 | $ 75.0 | $ 80.2 | $ 197.6 | $ 136.2 | $ 158.7 | $ 325.1 | $ 188.0 | $ 295.0 |
| Depreciation and Amortization | $ 29.9 | $ 32.6 | $ 34.6 | $ 16.5 | $ 19.6 | $ 19.8 | $ 235.7 | $ 233.2 | $ 233.9 |
| Other Expense, Net | 1.5 | 1.2 | — | 1.5 | 1.2 | — | (10.6) | 1.2 | 2.9 |
| Adjusted Bank EBITDA | $ 153.0 | $ 108.8 | $ 114.8 | $ 215.6 | $ 157.0 | $ 178.5 | $ 550.2 | $ 422.4 | $ 531.8 |
| Stock Based Compensation | $ 3.9 | $ 2.4 | $ 3.4 | $ 4.8 | $ 2.6 | $ 3.7 | $ 24.3 | $ 18.1 | $ 9.8 |
| Adjusted EBITDA | $ 156.9 | $ 111.2 | $ 118.2 | $ 220.4 | $ 159.6 | $ 182.2 | $ 574.5 | $ 440.5 | $ 541.6 |
| Adjusted EBITDA Margin % | 15.2% | 13.6% | 13.4% | 21.4% | 18.8% | 19.3% | 25.6% | 21.8% | 24.4% |

| TOTAL REGAL REXNORD DEBT TO EBITDA | Last Twelve Months | | | |
|---|---|---|---|---|
| | Jun 30, 2022 * | Jan 1, 2022 * | Jan 2, 2021 | Dec 28, 2019 |
| Net Income as Reported Jan 2, 2021 and Dec 28, 2019 | $ 385.2 | $ 283.2 | $ 193.8 | $ 242.6 |
| LIFO to FIFO Adjustment | 11.6 | 19.7 | (1.6) | (2.8) |
| Net Income Recasted | $ 396.8 | $ 302.9 | $ 192.2 | $ 239.8 |
| Interest Expense | 59.9 | 65.5 | 39.8 | 53.0 |
| Interest Income | (6.1) | (7.4) | (5.9) | (5.6) |
| Taxes | 122.5 | 122.4 | 56.3 | 60.5 |
| Depreciation and Amortization | 279.5 | 305.3 | 131.4 | 134.5 |
| **EBITDA** | $ 852.6 | $ 788.7 | $ 413.8 | $ 482.2 |
| Restructuring and Related Costs | 31.9 | 24.1 | 36.8 | 31.3 |
| Transaction and Related Costs | 71.6 | 89.1 | 0.7 | 0.1 |
| Impairments and Exit Related Costs | 3.3 | 5.6 | 5.6 | 10.0 |
| Executive Transition Costs | — | — | 1.8 | 2.2 |
| Goodwill Impairment | 33.0 | 33.0 | 10.5 | — |
| Inventory Step Up | 33.3 | 24.3 | — | — |
| Operating Income from Businesses Divested/to be Exited | — | — | — | (4.1) |
| (Gain) Loss on Sale of Assets | (5.2) | (2.5) | 0.6 | (3.8) |
| Gain on Divestiture of Businesses | — | — | — | (44.7) |
| **Adjusted Bank EBITDA** | $ 1,020.5 | $ 962.3 | $ 469.8 | $ 473.2 |
| | | | | |
| Current Maturities of Long-Term Debt | $ 30.6 | $ 4.9 | $ 231.0 | $ 0.6 |
| Long-Term Debt | 2,132.5 | 1,913.6 | 840.4 | 1,136.9 |
| **Total Gross Debt** | $ 2,163.1 | $ 1,918.5 | $ 1,071.4 | $ 1,137.5 |
| Cash | (702.5) | (672.8) | (611.3) | (331.4) |
| **Net Debt** | $ 1,460.6 | $ 1,245.7 | $ 460.1 | $ 806.1 |
| | | | | |
| Net Debt/Adjusted Bank EBITDA | 1.4 | 1.3 | 1.0 | 1.7 |

*Reflects estimated pro-forma adjustments for the Rexnord Process and Motion Control Business and Arrowhead Systems, LLC acquisitions

# APPENDIX

| TOTAL REGAL REXNORD FREE CASH FLOW | Year Ended | | |
|---|---|---|---|
| | Jan 1, 2022 | Jan 2, 2021 | Dec 28, 2019 |
| Net Cash Provided by Operating Activities | $ 357.7 | $ 435.4 | $ 408.5 |
| Additions to Property Plant and Equipment | (54.5) | (47.5) | (92.4) |
| Free Cash Flow | $ 303.2 | $ 387.9 | $ 316.1 |
| GAAP Net Income Attributable to Regal Rexnord Corporation as Reported | $ 209.9 | $ 189.3 | $ 238.9 |
| LIFO to FIFO Adjustment | 19.7 | (1.6) | (2.8) |
| GAAP Net Income Attributable to Regal Rexnord Corporation Recasted | $ 229.6 | $ 187.7 | $ 236.1 |
| Goodwill Impairment | 33.0 | 10.5 | — |
| Early Debt Termination Charge | 12.7 | — | — |
| Loss (Gain) on Businesses Divested and Impairments | 5.6 | 5.2 | (34.7) |
| Tax Effect from (Loss) Gain on Businesses Divested, Impairments and Early Debt Termination Charge | (4.4) | (1.2) | 5.4 |
| Adjusted Net Income Attributable to Regal Rexnord Corporation[1] | $ 276.5 | $ 202.2 | $ 206.8 |
| Free Cash Flow as a Percentage of Adjusted Net Income Attributable to Regal Rexnord Corporation | 109.7 % | 191.8 % | 152.9 % |

[1] The Net Income Attributable to Regal Rexnord Corporation is adjusted for the gains and losses on divested businesses and goodwill and asset impairments related to the businesses to be exited and used in the Free Cash Flow Calculation.

# APPENDIX

## ORGANIC SALES GROWTH

| | Total Regal Rexnord |
|---|---|
| Net Sales Year Ended Jan 1, 2022 | $ 3,810.3 |
| Net Sales from Business Acquired | (348.5) |
| Impact from Foreign Currency Exchange Rates | (50.2) |
| Organic Sales Year Ended Jan 1, 2022 | $ 3,411.6 |
| | |
| Net Sales Year Ended Jan 2, 2021 | $ 2,907.0 |
| Adjusted Net Sales Year Ended Jan 2, 2021 | $ 2,907.0 |
| | |
| Year Ended Jan 1, 2022 Organic Sales Growth % | 17.4 % |

## ORGANIC SALES GROWTH

| | Total Regal Rexnord |
|---|---|
| Net Sales Year Ended Jan 2, 2021 | $ 2,907.0 |
| Impact from Foreign Currency Exchange Rates | 11.3 |
| Organic Sales Year Ended Jan 2, 2021 | $ 2,918.3 |
| | |
| Net Sales Year Ended Dec 28, 2019 | $ 3,238.0 |
| Net Sales from Businesses Divested/to be Exited | (52.8) |
| Adjusted Net Sales Ended Dec 28, 2019 | $ 3,185.2 |
| | |
| Year Ended Jan 2, 2021 Organic Sales Growth % | (8.4)% |

# APPENDIX

**ORGANIC SALES GROWTH**

| | Total Regal Rexnord |
|---|---|
| Net Sales Year Ended Dec 28, 2019 | $ 3,238.0 |
| Net Sales from Business Acquired | (31.7) |
| Net Sales from Businesses Divested/to be Exited | (52.8) |
| Impact from Foreign Currency Exchange Rates | 37.3 |
| Organic Sales Year Ended Dec 28, 2019 | $ 3,190.8 |
| | |
| Net Sales Year Ended Dec 29, 2018 | $ 3,645.6 |
| Net Sales from Businesses Divested/to be Exited | (263.4) |
| Adjusted Net Sales Year Ended Dec 29, 2018 | $ 3,382.2 |
| | |
| Year Ended Dec 28, 2019 Organic Sales Growth % | (5.7)% |