

Q2 2024 EARNINGS PRESENTATION

JULY 31, 2024

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This presentation contains, and management may make on our call today, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In some cases, you can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "predicts," "intends," "trends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. These statements include, but are not limited to, statements related to expectations regarding the performance of the Company's business and financial results, statements regarding industrial activity, our footprint optimization plan, our ability to enter new markets (such as data centers), our balance sheet management, our ability to drive shareholder value (including share repurchases and growth opportunities), and our outlook for the third quarter and full year 2024 (including the related assumptions). Such forward-looking statements are subject to various risks and uncertainties, including, among others, economic, political and other risks associated with international operations, risks inherent to the manufacturing industry, macroeconomic factors beyond the Company's control (including material and logistics availability, inflation, supply chain and labor challenges and end-market recovery), risks related to catastrophic events, continued operation of our manufacturing facilities, including as a result of cybersecurity attacks, our ability to forecast and meet demand, market acceptance of new products, and the significant influence of the Company's large shareholders, investment funds affiliated with Blackstone Inc. Additional factors that could cause the Company's results to differ materially from those described in the forward-looking statements can be found under the section entitled "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2023, filed with the Securities and Exchange Commission ("SEC"), as such factors may be updated from time to time in the Company's periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in the Company's filings with the SEC. The Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

NON-GAAP FINANCIAL INFORMATION

This presentation includes certain non-GAAP financial measures, which management believes are useful to investors. Non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation and our earnings release filed with the SEC and posted on our website at investors.gates.com for a reconciliation of historical non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP.

Because GAAP financial measures on a forward-looking basis are not accessible, and reconciling information is not available without unreasonable effort, we have not provided reconciliations for forward-looking non-GAAP measures, including expected Core Revenue Growth, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Earnings per Share, and Free Cash Flow conversion for 2024. For the same reasons, we are unable to address the probable significance of the unavailable information, which could be material to future results.

ROUNDING ADJUSTMENTS

Certain monetary amounts, percentages and other figures included in this presentation have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated, may not be the arithmetic aggregation of the percentages that precede them.

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Q2 2024 KEY HIGHLIGHTS

- **Core revenues (4%) YoY**
  - Global replacement channel revenues grew, led by automotive
  - Industrial revenue remained weak driven by agriculture and construction
- **Solid expansion in profitability vs. year ago**
  - Adjusted EBITDA margin of 22.8%, +170 bps YoY
  - Gross margin exceeded 40%
- **Meaningful improvement in net leverage ratio YoY**
  - Net leverage of 2.3x at quarter-end; reduction of 0.5x vs. Q2 2023
  - Executed successful refinancing of term loans and unsecured bonds
- **Updating full year guidance and announcing new share repurchase authorization**
  - Trimming full year forecast; 2H guidance consistent with historical seasonality
  - Increased share repurchase authorization to $250 million

STRONG 1H EXECUTION; ANTICIPATING NO MEANINGFUL RE-ACCELERATION OF OEM DEMAND IN 2H

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Q2 2024 – FINANCIAL PERFORMANCE

$886M

Net Sales

(4.0%) Core Decline YoY

- Replacement outperformed First Fit
- Overall industrial demand trend largely in line with expectations with incremental weakness in Off-Highway

$202M

Adjusted EBITDA

22.8% Adjusted EBITDA margin

- Gross margin increased 270 bps YoY
- Enterprise initiatives on track
- Higher replacement mix benefitted performance

$0.36

Adjusted Earnings per Share[1]

Higher Operating Income YoY

- Adjusted EPS* increased 6% YoY
- Attributable to operating performance and lower share count

*Effective Q2 2024, we are applying a normalized effective tax rate to our adjusted earnings. Please see pages 18-20 in the Appendix for a reconciliation and additional information.

SOLID PROFITABILITY RESULTS IN A SOFT DEMAND ENVIRONMENT

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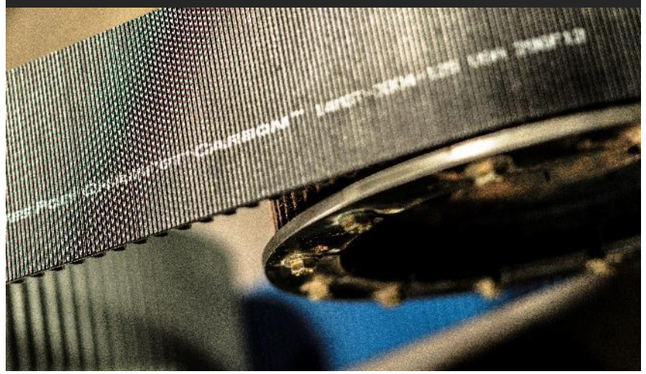
[1] Adjusted Net Income per diluted share

Q2 2024 – SEGMENT RESULTS

POWER TRANSMISSION



PERFORMANCE		HIGHLIGHTS
NET SALES	**$542M** *(3.5%) Core YoY*	▪ Overall replacement up slightly led by modest industrial channel growth; Automotive Replacement about flat
ADJUSTED EBITDA	**$124M**	▪ Majority of industrial end markets declined; Energy and On-Highway grew
		▪ Secured significant new replacement business
ADJUSTED EBITDA MARGIN	**22.8%** *+210 bps YoY*	▪ Gross margin improvement benefitted from enterprise initiatives and higher replacement channel mix partially offset by lower volume

FLUID POWER



NET SALES	**$344M** *(4.9%) Core YoY*	▪ Replacement increased as low double-digit growth in automotive offset softer industrial channel demand
ADJUSTED EBITDA	**$78M**	▪ Industrial end markets down high single digits collectively; Automotive generated solid growth
		▪ Specified with multiple datacenter customers; active discussions with several server and chip manufacturers
ADJUSTED EBITDA MARGIN	**22.8%** *+120 bps YoY*	▪ Expanding relationship with existing channel partner; broadening U.S. coverage

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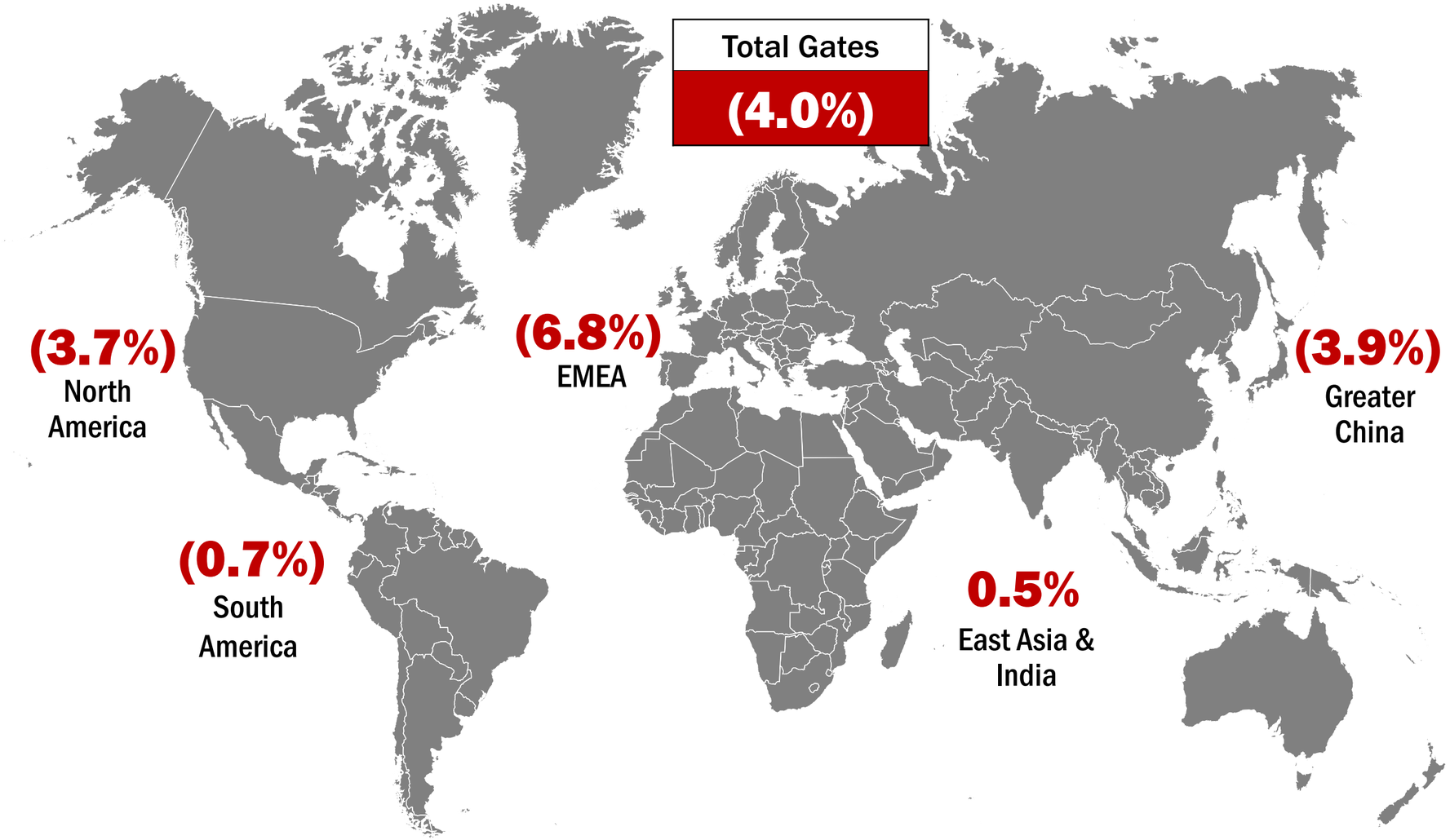
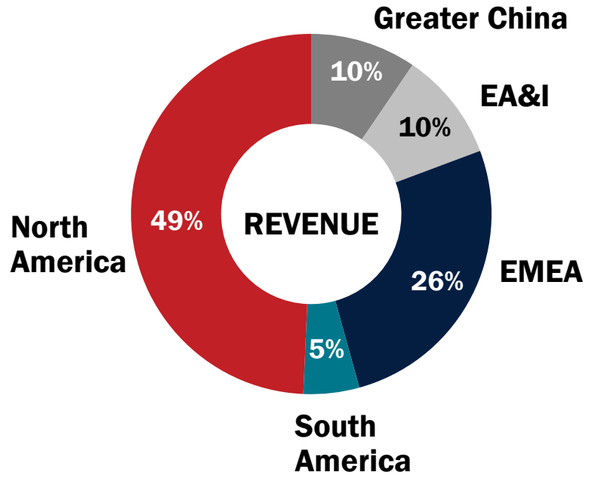
Q2 2024 – REGIONAL CORE REVENUE PERFORMANCE





- **NA: Replacement up, led by auto; Industrial First Fit down double-digits**
- **EMEA: Weak industrial activity; solid growth in Automotive Replacement**
- **China: First Fit declined but industrial Replacement up double-digits; Automotive Replacement up LSD**

INDUSTRIAL DEMAND IN KEY GEOGRAPHIES REMAINED SUBDUED

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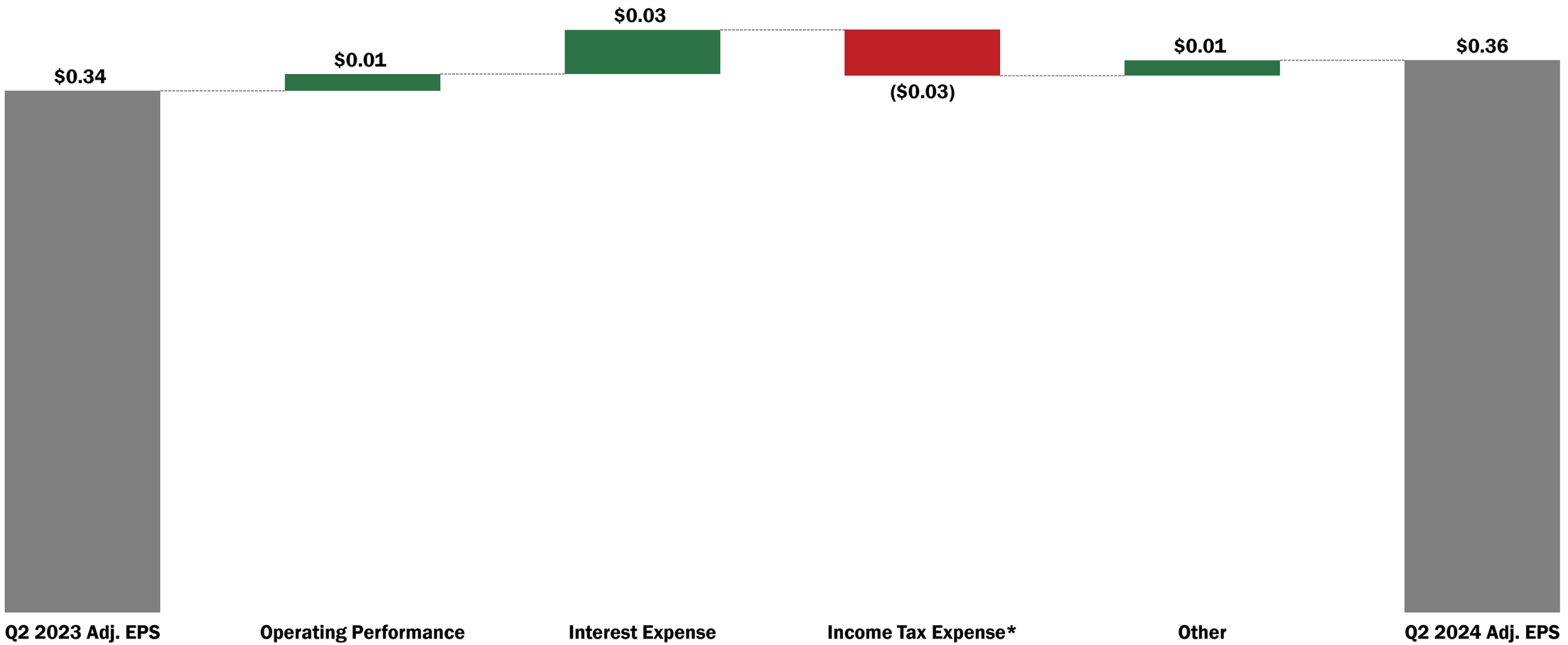
Q2 2024 ADJUSTED EPS WALK



*Effective Q2 2024, we are applying a normalized effective tax rate to our adjusted earnings. Please see pages 18-20 in the Appendix for a reconciliation and additional information.

HIGHER OPERATING EARNINGS AND LOWER SHARE COUNT DROVE IMPROVEMENT

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Q2 2024 – CAPITAL EFFICIENCY & CASH FLOW

$67M
Free Cash Flow

Solid FCF generation

- 70% conversion to adjusted net income
- Trade working capital increased slightly YoY

2.3x
Net Leverage

Improved 0.5x YoY

- Q2 debt refinancing lowers annualized interest expense
- Nearest debt maturity is 2029

23.1%
ROIC

+250 bps increase YoY

- Stronger profitability supported increase
- Internal investments focused on enterprise initiatives

MULTIPLE AVENUES AVAILABLE TO EFFECTIVELY DEPLOY CAPITAL

Notes: Free Cash Flow: Net cash provided by (used in) operating activities less capital expenditures
Free Cash Flow Conversion: Free Cash Flow (Net Cash Provided by Operations minus capital expenditures) expressed as a percentage of Adjusted Net Income
Net Leverage: Net Debt (defined as the principal amount of our debt less the carrying amount of cash and cash equivalents) divided by LTM Adjusted EBITDA
ROIC: Tax-effected LTM Adjusted EBIT divided by total assets minus cash, accounts payable, income tax-related assets and intangibles related to 2014 acquisition of Gates

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UPDATED 2024 GUIDANCE

	PRIOR 2024	UPDATED 2024	B/W (Midpoint)
CORE REVENUE GROWTH	(3%) to +1%	(4%) to (2%)	(2%)
ADJUSTED EBITDA	$745M – $805M	$740M – $770M	($20M)
ADJUSTED EPS	$1.28 – $1.43	$1.29 – $1.35	($0.04)
CAPITAL EXPENDITURES	~$100M	~$100M	No Change
FREE CASH FLOW CONVERSION	90%+	90%+	No Change

Q3 COMMENTARY

- **Revenues: $825M - $855M**
  - Core revenue decrease of ~2% YoY at midpoint
- **Adjusted EBITDA Margin: (40 bps) YoY at midpoint**

2024 ADJUSTED EBITDA MARGIN IS EXPECTED TO INCREASE OVER 100 BPS YOY

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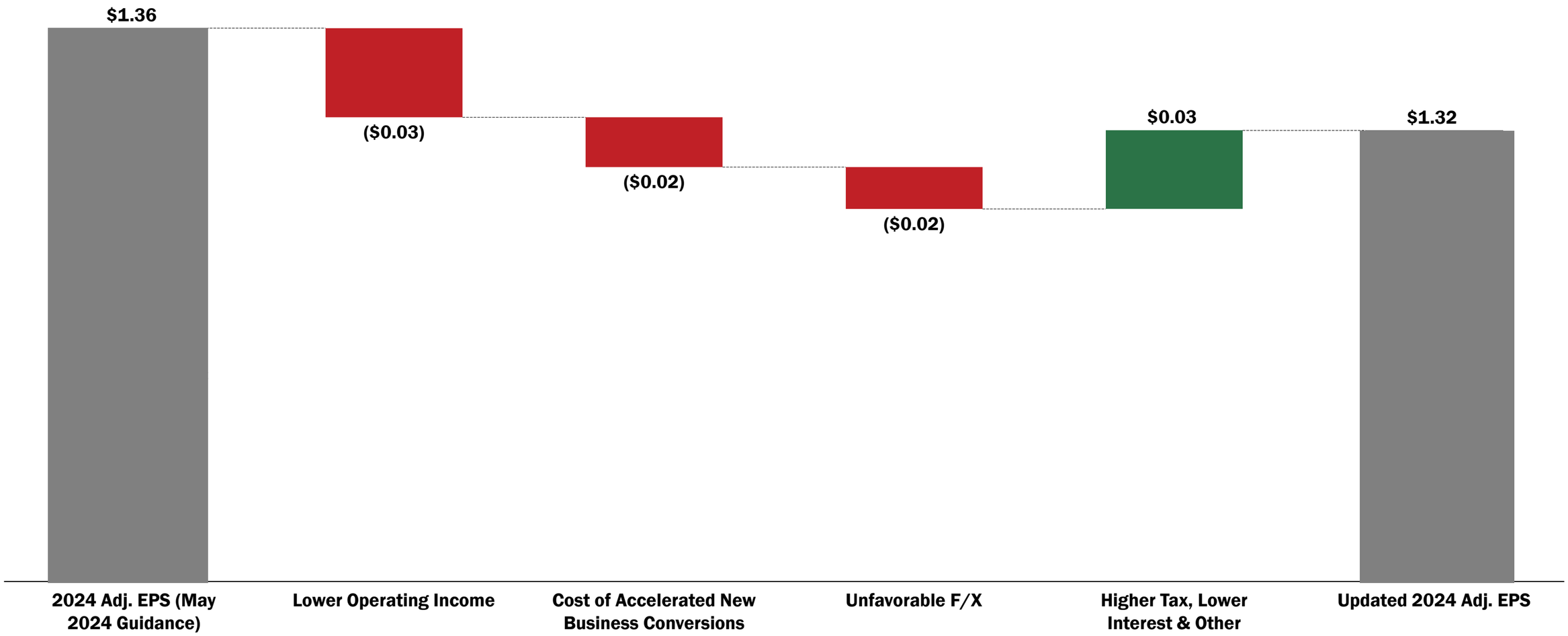
UPDATED WALK TO 2024 ADJUSTED EPS MIDPOINT



*Effective Q2 2024, we are applying a normalized effective tax rate to our adjusted earnings. Our July 2024 guidance assumes a 26-28% effective tax rate. Please see pages 18-20 in the Appendix for a reconciliation and additional information.

IMPROVING PROFITABILITY IN A SOFTER DEMAND ENVIRONMENT

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SUMMARY THOUGHTS

- **Solid 1H operating performance; focused on structural growth and cost reduction**
  - Continue to progress enterprise initiatives
  - Material science investments enabling expansion into secular growth areas
  - Initiating footprint optimization activities as outlined at March 2024 Capital Markets Day presentation
  - Positioning business to drive strong incremental margins
- **Increasing our optionality to deliver long-term shareholder value**
  - Net leverage ratio continues to improve; extended debt maturities at attractive rates
  - Increased share repurchase authorization to $250 million
  - Highly focused on investing in long-term organic growth opportunities

SOLID 1H RESULTS – SIGNIFICANT OPPORTUNITIES AHEAD TO DRIVE MID-TERM PERFORMANCE

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Gates

APPENDIX

Q2 2024 ADJUSTED EPS – SUMMARY WALK

Q2 2023	**$0.34**	
OPERATING PERFORMANCE	0.01	Margin improvement supported by pricing, initiatives and favorable mix
INTEREST EXPENSE	0.03	Reduced debt balance and lower financing costs
INCOME TAX EXPENSE	(0.03)	Higher effective tax rate
OTHER	0.01	Lower share count
Q2 2024	**$0.36**	

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RECONCILIATIONS – CORE REVENUE GROWTH

(USD in millions)	Power Transmission	Fluid Power	Q2 2024
Reconciliation of Core Sales Growth			
Net sales for the quarter ended June 29, 2024	**$ 541.9**	**$ 343.6**	**$ 885.5**
Impact on net sales of movements in currency rates	12.2	0.9	13.1
Core sales for the quarter ended June 29, 2024	**$ 554.1**	**$ 344.5**	**$ 898.6**
Net sales for the quarter ended July 1, 2023	573.9	362.4	936.3
Decrease in net sales on a core basis (core revenue)	**$ (19.8)**	**$ (17.9)**	**$ (37.7)**
Core sales decline	**(3.5%)**	**(4.9%)**	**(4.0%)**

(USD in millions)	Power Transmission	Fluid Power	YTD Q2 2024
YTD Reconciliation of Core Sales Growth			
Net sales for the six months ended June 29, 2024	**$ 1,074.7**	**$ 673.4**	**$ 1,748.1**
Impact on net sales of movements in currency rates	18.1	(2.2)	15.9
Core sales for the six months ended June 29, 2024	**$ 1,092.8**	**$ 671.2**	**$ 1,764.0**
Net sales for the six months ended July 1, 2023	1,122.0	712.0	1,834.0
Decrease in net sales on a core basis (core revenue)	**$ (29.2)**	**$ (40.8)**	**$ (70.0)**
Core sales decline	**(2.6%)**	**(5.7%)**	**(3.8%)**

(USD in millions)	Power Transmission	Fluid Power	LTM Q2 2024
LTM Reconciliation of Core Sales Growth			
Net sales for the twelve months ended June 29, 2024	**$ 2,143.9**	**$ 1,340.4**	**$ 3,484.3**
Impact on net sales of movements in currency rates	4.5	(16.4)	(11.9)
Core sales for the twelve months ended June 29, 2024	**$ 2,148.4**	**$ 1,324.0**	**$ 3,472.4**
Net sales for the twelve months ended July 1, 2023	2,197.1	1,390.9	3,588.0
Decrease in net sales on a core basis (core revenue)	**$ (48.7)**	**$ (66.9)**	**$ (115.6)**
Core sales decline	**(2.2%)**	**(4.8%)**	**(3.2%)**

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RECONCILIATIONS – ADJUSTED EBITDA & NET LEVERAGE

(USD in millions)	Q2 2024	Q2 2023	YTD Q2 2024	YTD Q2 2023	LTM Q2 2024	LTM Q2 2023
Reconciliation to Adjusted EBITDA						
Net Income from Continuing Operations	**$ 77.9**	**$ 71.3**	**$ 124.1**	**$ 102.2**	**$ 278.9**	**$ 248.4**
Adjusted for:						
Income tax expense	12.3	9.6	46.8	24.9	50.2	29.7
Net interest and other expenses	46.0	48.2	82.0	89.3	170.0	141.2
Depreciation and amortization	54.5	54.0	109.1	108.5	218.1	214.8
Transaction-related expenses	1.2	0.6	1.6	0.8	3.0	1.6
Asset impairments	-	-	-	-	0.1	0.5
Restructuring expenses	1.6	2.2	2.8	7.7	6.7	13.5
Share-based compensation expense	5.2	6.8	13.8	16.3	24.9	33.0
Inventory impairments and adjustments [1] (included in cost of sales)	3.4	3.5	17.3	4.1	20.6	13.8
Severance expenses (included in cost of sales)	-	-	-	0.5	(0.1)	1.3
Severance expenses (included in SG&A)	-	0.3	0.1	0.9	0.2	1.0
Credit loss related to customer bankruptcty (included in SG&A) [2]	-	0.7	0.1	11.4	0.1	11.4
Cybersecurity incident expenses [3]	-	-	-	5.1	0.1	5.1
Other items not directly related to current operations [4]	0.1	0.1	0.1	0.1	0.2	0.2
Adjusted EBITDA	**$ 202.2**	**$ 197.3**	**$ 397.8**	**$ 371.8**	**$ 773.0**	**$ 715.5**
Reconciliation to Net Leverage						
Total principal amount of debt					$ 2,364.9	$ 2,581.6
Less: Cash and cash equivalents					(579.7)	(565.0)
Net Debt					**$ 1,785.2**	**$ 2,016.6**
Net Leverage (Net Debt divided by LTM Adjusted EBITDA)					**2.3 x**	**2.8 x**

(1) During the three, six and twelve months ended June 29, 2024, inventory impairments and adjustments included $3.4 million, $17.3 million and $20.6 million, respectively, for the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out ("LIFO") basis.

(2) On January 31, 2023, one of our customers filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. In connection with the bankruptcy proceedings, we evaluated our potential risk and exposure relating to our outstanding pre-petition accounts receivable balance from the customer and recorded the pre-tax charge to reflect our estimated recovery. Based on further developments in the bankruptcy proceedings, we recorded an additional $0.1 million pre-tax charge during the six and twelve months ended June 29, 2024. We will continue to monitor the circumstances surrounding the bankruptcy in determining whether adjustments to this recovery estimate are necessary.

(3) On February 11, 2023, Gates determined that it was the target of a malware attack. Cybersecurity incident expenses include legal, consulting, and other costs incurred as a direct result of this incident, some of which may be partially offset by insurance recoveries.

(4) Other items not directly related to current operations include asset impairment and other charges.

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Q2 2024 SEGMENT ADJUSTED EBITDA MARGIN

(USD in millions)

Reconciliation to Adjusted EBITDA Margin and Incremental Margin

	QTD Q2 2024	QTD Q2 2023	Change	YTD Q2 2024	YTD Q2 2023	Change
Power Transmission Net Sales	$ 541.9	$ 573.9	$ (32.0)	$ 1,074.7	$ 1,122.0	$ (47.3)
Power Transmission Adjusted EBITDA	$ 123.8	$ 119.0	$ 4.8	$ 242.8	$ 226.7	$ 16.1
Adjusted EBITDA Margin	**22.8%**	**20.7%**	**210 bps**	**22.6%**	**20.2%**	**240**
Fluid Power Net Sales	$ 343.6	$ 362.4	$ (18.8)	$ 673.4	$ 712.0	$ (38.6)
Fluid Power Adjusted EBITDA	$ 78.4	$ 78.3	$ 0.1	$ 155.0	$ 145.1	$ 9.9
Adjusted EBITDA Margin	**22.8%**	**21.6%**	**120 bps**	**23.0%**	**20.4%**	**260**
Total Net Sales	$ 885.5	$ 936.3	$ (50.8)	$ 1,748.1	$ 1,834.0	$ (85.9)
Total Adjusted EBITDA	$ 202.2	$ 197.3	$ 4.9	$ 397.8	$ 371.8	$ 26.0
Adjusted EBITDA Margin	**22.8%**	**21.1%**	**170 bps**	**22.8%**	**20.3%**	**250**

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RECONCILIATIONS – ADJUSTED NET INCOME

(USD in millions, except share numbers and per share amounts)	Q2 2024	Q2 2023	YTD Q2 2024	YTD Q2 2023	LTM Q2 2024	LTM Q2 2023
Reconciliation to Adjusted Net Income						
Net Income Attributable to Shareholders	**$ 70.7**	**$ 64.9**	**$ 110.7**	**$ 91.3**	**$ 252.3**	**$ 228.1**
Adjusted for:						
Loss on the disposal of discontinued operations	0.3	0.1	0.4	0.4	0.6	0.5
Amortization of intangible assets arising from the 2014 acquisition of Gates	28.9	29.2	58.0	58.2	116.0	115.1
Transaction-related expenses	1.2	0.6	1.6	0.8	3.0	1.6
Asset impairments	-	-	-	-	0.1	0.5
Restructuring expenses	1.6	2.2	2.8	7.7	6.7	13.5
Share-based compensation expense	5.2	6.8	13.8	16.3	24.9	33.0
Inventory impairments and adjustments [1] (included in cost of sales)	3.4	3.5	17.3	4.1	20.6	13.8
Adjustments relating to post-retirement benefits	(0.6)	(0.8)	(1.3)	(1.5)	(2.8)	(4.8)
Financing and other FX related losses (gains)	(3.0)	6.0	(1.5)	7.6	17.7	(12.4)
Credit loss related to customer bankruptcy (included in SG&A) [2]	-	0.7	0.1	11.4	0.1	11.4
Cybersecurity incident expenses [3]	-	-	-	5.1	0.1	5.1
Loss on extinguishment of debt [4]	14.8	-	14.8	-	14.8	-
Discrete Tax Items [5]	(12.2)	(6.4)	(0.5)	-	(17.6)	(28.7)
Other adjustments	(1.7)	(0.8)	(3.4)	(2.6)	(5.5)	(5.1)
Estimated tax effect of the above adjustments	(13.1)	(10.8)	(25.5)	(24.4)	(49.2)	(38.9)
Adjusted Net Income	**$ 95.5**	**$ 95.2**	**$ 187.3**	**$ 174.4**	**$ 381.8**	**$ 332.7**
Diluted weighted average number of shares outstanding	266,812,510	279,915,448				
Adjusted Net Income per diluted share	**$ 0.36**	**$ 0.34**				

Note: Referenced footnotes continue the following page

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RECONCILIATIONS – ADJUSTED NET INCOME (CONT.)

(1) During the three, six and twelve months ended June 29, 2024, inventory impairments and adjustments included $3.4 million, $17.3 million and $20.5 million, respectively, for the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out ("LIFO") basis.

(2) On January 31, 2023, one of our customers filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. In connection with the bankruptcy proceedings, we evaluated our potential risk and exposure relating to our outstanding pre-petition accounts receivable balance from the customer and recorded the pre-tax charge to reflect our estimated recovery. Based on further developments in the bankruptcy proceedings, we recorded an additional $0.1 million pre-tax charge during the six months ended June 29, 2024. We will continue to monitor the circumstances surrounding the bankruptcy in determining whether adjustments to this recovery estimate are necessary.

(3) On February 11, 2023, Gates determined that it was the target of a malware attack. Cybersecurity incident expenses include legal, consulting, and other costs incurred as a direct result of this incident, some of which may be partially offset by insurance recoveries.

(4) On June 4, 2024, Gates extinguished the 2021 Dollar Term Loans and the asset-backed credit facility in connection with our debt refinancing. As a result, we accelerated $14.8 million in deferred issuance costs during the three, six and twelve months ended June 29, 2024.

(5) Beginning with the three months ended June 29, 2024, we revised our definition of Adjusted Net Income to adjust for discrete tax items, which are significant, unusual or infrequently occurring tax items. We have revised the prior period amounts to conform to our current period presentation. For the three months ended June 29, 2024, discrete tax benefits of $12.2 million included $13.8 million from unrecognized tax benefits due to audit closures offset by $1.6 million of discrete expenses related to changes in the realizability of certain deferred tax assets. For the six months ended June 29, 2024, the net impact of discrete items was nominal. For the three months ended July 1, 2023, discrete tax benefits of $6.4 million included $4.3 million from adjustments in various foreign jurisdictions in which returns were filed, and $1.8 million of net unrecognized tax benefits, primarily related to India audit settlements. For the six months ended July 1, 2023, the net impact of discrete items was nominal.

For the twelve months ended June 29, 2024, discrete tax benefits of $17.6 million, including benefits of $26.7 million from unrecognized tax benefits due to audit closures, and $7.9 million from foreign derived intangible income deductions accelerated from an intercompany royalty prepayment; offset by expenses of $13.8 million from changes in the realizability of certain deferred tax assets, $3.2 million of discrete expense primarily related to additional unrecognized tax benefits. For the twelve months ended July 1, 2023, discrete tax benefits of $28.7 million, including $26.4 million from unrecognized tax benefits due to lapsed statute of limitations, $4.3 million from adjustments in various foreign jurisdictions in which returns were filed, $2.0 million from changes in the realizability of certain deferred tax assets, and $2.8 million related net unrecognized tax benefits; offset by discrete expenses of $4.3 million from impacts of tax law and rate changes primarily in Turkey and Belgium, $1.9 million from undistributed foreign earnings, and $0.6 million of other discrete items primarily from prior year deferred true ups.

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2023 ADJUSTED NET INCOME(1)

(USD in millions, except share numbers and per share amounts)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
Reconciliation to Adjusted Net Income					
Net Income Attributable to Shareholders	**$ 26.4**	**$ 64.9**	**$ 78.7**	**$ 62.9**	**$ 232.9**
Adjusted for:					
Loss on the disposal of discontinued operations	0.3	0.1	0.1	0.1	0.6
Amortization of intangible assets arising from the 2014 acquisition of Gates	29.0	29.2	29.1	28.9	116.2
Transaction-related expenses	0.2	0.6	1.3	0.1	2.2
Asset impairments	-	-	0.1	-	0.1
Restructuring expenses	5.5	2.2	2.6	1.3	11.6
Share-based compensation expense	9.5	6.8	3.3	7.8	27.4
Inventory impairments and adjustments (included in cost of sales)	0.6	3.5	2.2	1.1	7.4
Adjustments relating to post-retirement benefits	(0.7)	(0.8)	(0.7)	(0.8)	(3.0)
Financing and other FX related losses (gains)	1.6	6.0	2.5	16.7	26.8
Credit loss related to customer bankruptcy (included in SG&A)	10.7	0.7	-	-	11.4
Cybersecurity incident expenses	5.1	-	-	0.1	5.2
Discrete Tax Items (1)	6.4	(6.4)	(11.0)	(6.1)	(17.1)
Other adjustments	(1.8)	(0.8)	(1.9)	(0.2)	(4.7)
Estimated tax effect of the above adjustments	(13.6)	(10.8)	(10.4)	(13.3)	(48.1)
Adjusted Net Income	**$ 79.2**	**$ 95.2**	**$ 95.9**	**$ 98.6**	**$ 368.9**
Diluted weighted average number of shares outstanding	287,878,415	279,915,448	267,835,011	267,523,754	275,648,328
Adjusted Net Income per diluted share	**$ 0.28**	**$ 0.34**	**$ 0.36**	**$ 0.37**	**$ 1.34**

(1) Beginning with the three months ended June 29, 2024, we revised our definition of Adjusted Net Income to adjust for discrete tax items, which are significant, unusual or infrequently occurring tax items. We have revised the prior period amounts to conform to our current period presentation.

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RECONCILIATIONS – FREE CASH FLOW & FREE CASH FLOW CONVERSION

(USD in millions)

	Q2 2024	Q2 2023	YTD Q2 2024	YTD Q2 2023	LTM Q2 2024	LTM Q2 2023
Reconciliation of Free Cash Flow						
Net Cash (Used in) Provided By Operating Activities	$ 93.8	$ 131.4	$ 72.8	$ 183.9	$ 369.9	$ 531.5
Capital Expenditures [1]	(27.2)	(15.2)	(45.3)	(29.8)	(86.9)	(78.7)
Free Cash Flow	**$ 66.6**	**$ 116.2**	**$ 27.5**	**$ 154.1**	**$ 283.0**	**$ 452.8**

(USD in millions)

	Q2 2024	Q2 2023	YTD Q2 2024	YTD Q2 2023	LTM Q2 2024	LTM Q2 2023
Reconciliation of Free Cash Flow Conversion						
Free Cash Flow	$ 66.6	$ 116.2	$ 27.5	$ 154.1	$ 283.0	$ 452.8
Adjusted Net Income	$ 95.5	$ 95.2	$ 187.3	$ 174.4	$ 381.8	$ 332.7
Free Cash Flow Conversion	**69.7%**	**122.1%**	**14.7%**	**88.4%**	**74.1%**	**136.1%**

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(1) Capital expenditures represent purchases of property, plant and equipment and purchases of intangible assets.

RECONCILIATIONS – RETURN ON INVESTED CAPITAL (ROIC)

(USD in millions)	LTM Q2 2024	LTM Q2 2023
Return On Invested Capital (ROIC)		
LTM Adjusted EBITDA	**$ 773.0**	**$ 715.5**
LTM Total depreciation and amortization	(218.1)	(214.8)
LTM Amortization of intangible assets arising from the 2014 acquisition of Gates	116.0	115.1
LTM Adjusted EBIT	**670.9**	**615.8**
Notional tax at 25%	(167.7)	(154.0)
LTM Tax-effected Adjusted EBIT	**$ 503.2**	**$ 461.8**
Total Assets	$ 7,034.8	$ 7,276.9
Adjusted for:		
Cash	(579.7)	(565.0)
Taxes receivable	(73.2)	(54.9)
Deferred tax assets	(608.1)	(618.4)
Prepaid taxes	(14.0)	(11.4)
Accounts payable	(441.3)	(470.7)
Intangibles arising from the acquisition of Gates	(3,139.6)	(3,318.5)
Invested Capital	**$ 2,178.9**	**$ 2,238.0**
Return On Invested Capital	**23.1%**	**20.6%**

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