



**Q3 2024
EARNINGS PRESENTATION**

OCTOBER 30, 2024





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, statements related to our inventory management, our footprint optimization plan, our ability to introduce new products, our balance sheet management, statements related to our initiatives to drive margins, our ability to drive shareholder value, and our outlook for 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 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.



- **Core revenues (3.8%) YoY**

- Soft OEM sales performance trends continued, particularly in industrial
- Growth in Replacement channels

- **Adjusted EBITDA margin increase YoY fueled by gross margin improvement**

- Adjusted EBITDA margin of 22.0%, +30 bps vs prior year
- Gross margin expanded to 40.4%, +110 bps vs. Q3 2023

- **Net leverage declined vs. Q3 2023**

- Net leverage of 2.4x at quarter-end; reduction of 0.2x vs. prior year
- Repurchased \$125 million of shares during the quarter

- **Updated full year 2024 earnings guidance**

- Raising adjusted EPS guidance
- Maintaining adjusted EBITDA midpoint

STRONG OPERATING RESULTS IN A SOFT DEMAND BACKDROP



\$831M

Net Sales

(3.8%) Core Decline YoY

- Replacement channels partially offset OEM weakness
- Positive core growth in Asian geographies

\$183M

Adjusted EBITDA

22.0% Adjusted EBITDA margin

- Gross margin increased 110 bps YoY
- Enterprise initiatives benefited profitability; favorable channel mix
- Higher SG&A impacted by spending related to strategic initiatives and unfavorable f/x

\$0.33

Adjusted Earnings per Share

Adj. EPS Lower YoY, But Solid Profit Preservation on Lower Sales

- Operating income was (\$0.03) – impacted by lower core sales vs. prior year; decremental margin on adjusted EBITDA was 16%
- Higher tax expense offset by lower interest expense and favorable other items

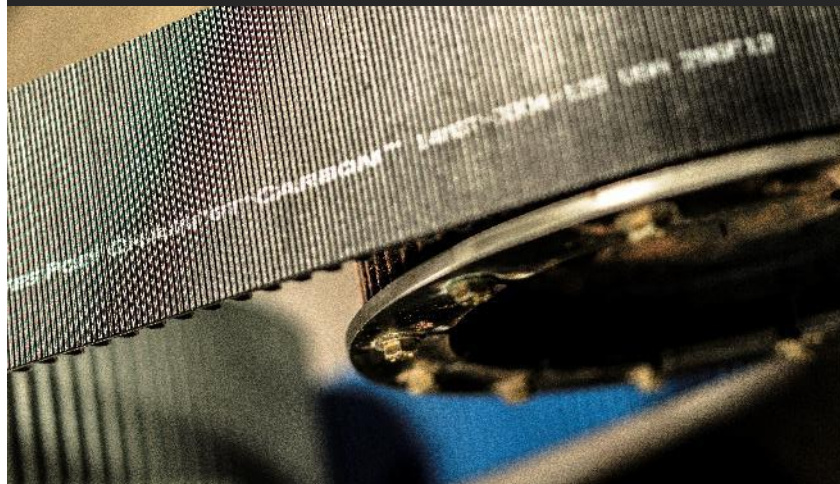
BENEFITS FROM ENTERPRISE INITIATIVES AND FAVORABLE SALES MIX CONTRIBUTED TO GROSS MARGIN EXPANSION



PERFORMANCE

HIGHLIGHTS

POWER TRANSMISSION



NET SALES

\$513M
(3.3%) Core YoY

ADJUSTED EBITDA

\$113M

ADJUSTED EBITDA MARGIN

22.0%
+30 bps YoY

- Replacement grew supported by Automotive; OEM channel down broadly
- Automotive and Diversified Industrial were the most resilient end markets; Agriculture, Construction and Personal Mobility demand remained soft
- Higher gross margin fueled by enterprise initiative benefits and favorable channel mix partially offset by volume softness

FLUID POWER



NET SALES

\$317M
(4.7%) Core YoY

ADJUSTED EBITDA

\$70M

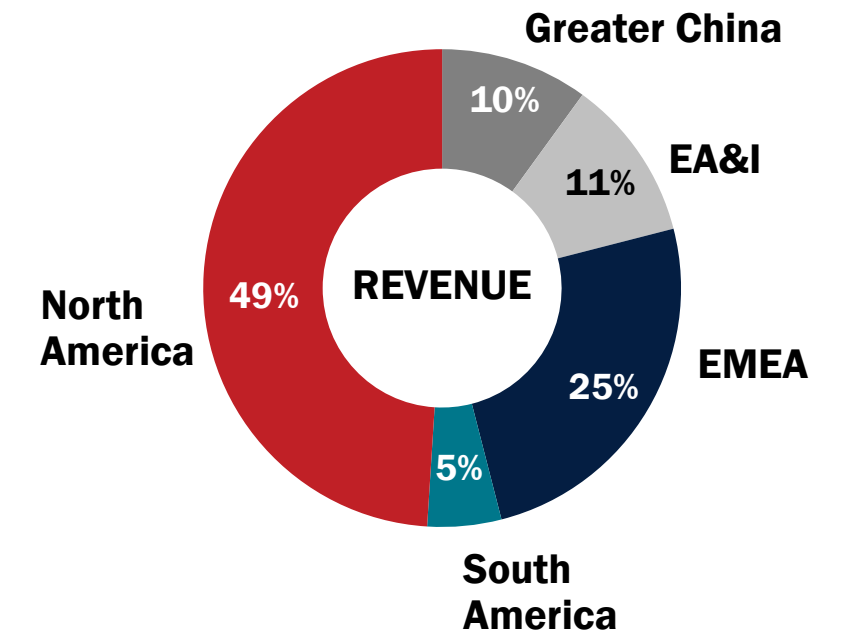
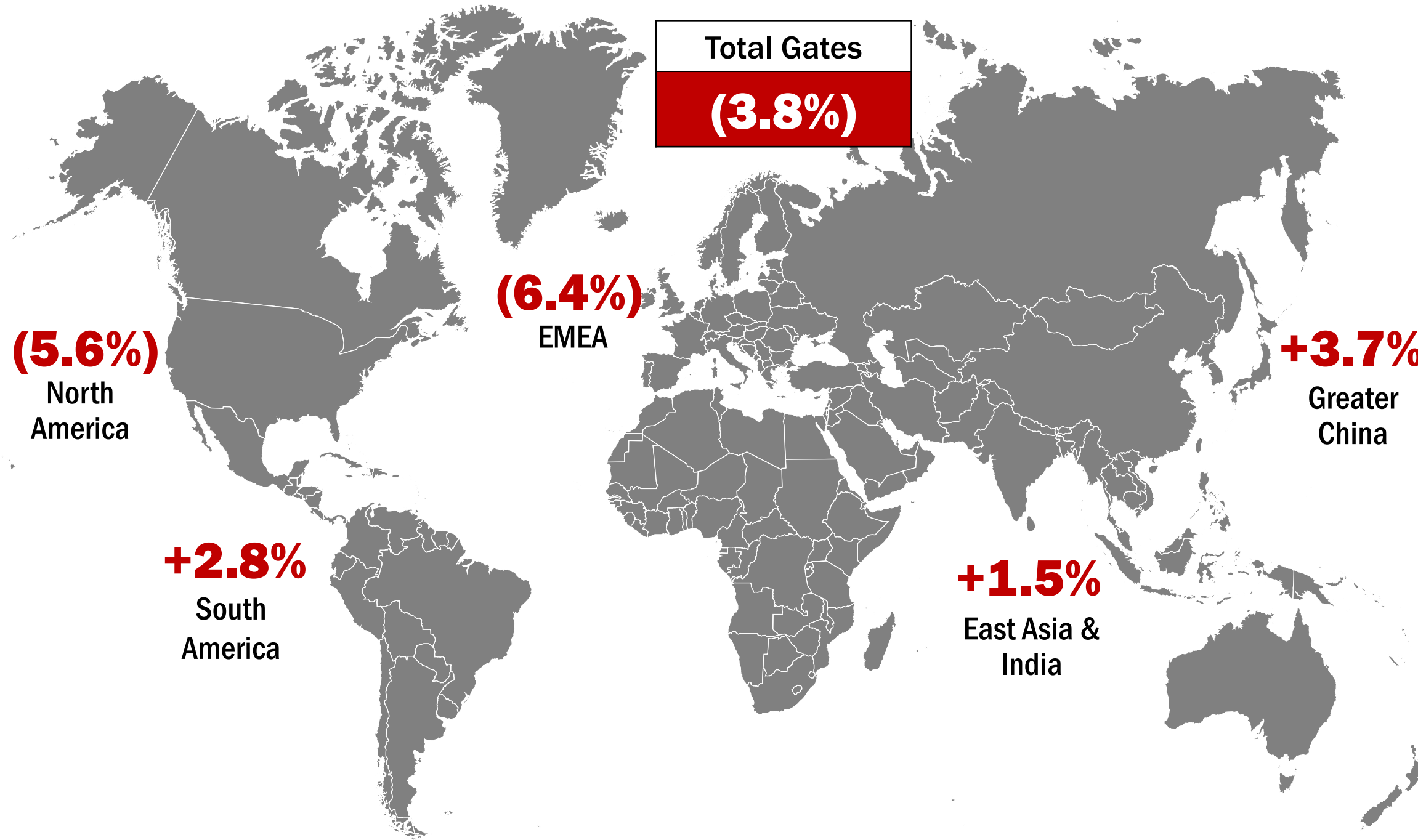
ADJUSTED EBITDA MARGIN

21.9%
+20 bps YoY

- Replacement expanded modestly led by solid growth in Automotive; Industrial Replacement flat while OEM revenues decreased double-digits
- Industrial end markets declined - Agriculture and Construction were the weakest; solid growth in Automotive driven by replacement demand
- Gross margin increase benefited from ongoing progress with enterprise initiatives and higher replacement sales mix mitigated by lower volumes



Q3 2024 – REGIONAL CORE SALES PERFORMANCE

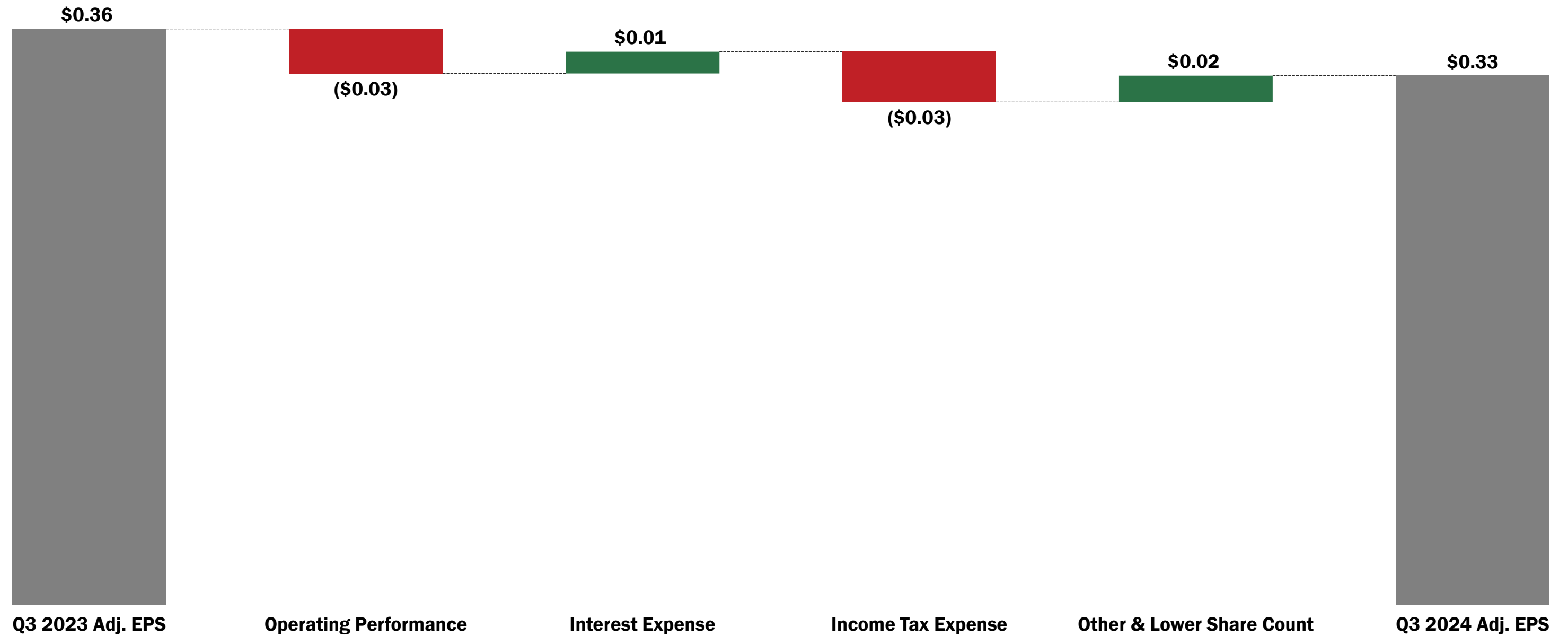


- **NA: Industrial OEM channel decline impacted by Agriculture and Construction; Replacement up**
- **EMEA: Industrial channel declines partially offset by mid-single digit growth in Auto Replacement**
- **China: Industrial channel growth more than offset Automotive OEM decline**

SOFT DEMAND IN INDUSTRIAL DEMAND IN WESTERN MARKETS; MODEST GROWTH IN ASIAN MARKETS



Q3 2024 ADJUSTED EPS WALK



ENTERPRISE INITIATIVES MITIGATED EARNINGS IMPACT FROM LOWER CORE SALES; HIGHER TAX PARTLY OFFSET BY OTHER ITEMS



\$88M

Free Cash Flow

101% FCF conversion

- FCF conversion above seasonal trend
- Inventory increased supporting new business wins
- Positioning inventory to sustain exceptional service levels ahead of demand inflection

2.4x

Net Leverage

Improved 0.2x YoY

- Lower debt balance YoY
- On track to deliver 2026 net leverage target
- No debt maturities until 2029

22.3%

ROIC

+70 bps increase YoY

- Expansion supported by margin improvement
- Capex increase supporting enterprise initiatives

REMAIN FOCUSED ON REDUCING NET LEVERAGE TO APPROXIMATELY 2X BY YEAR-END 2024

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



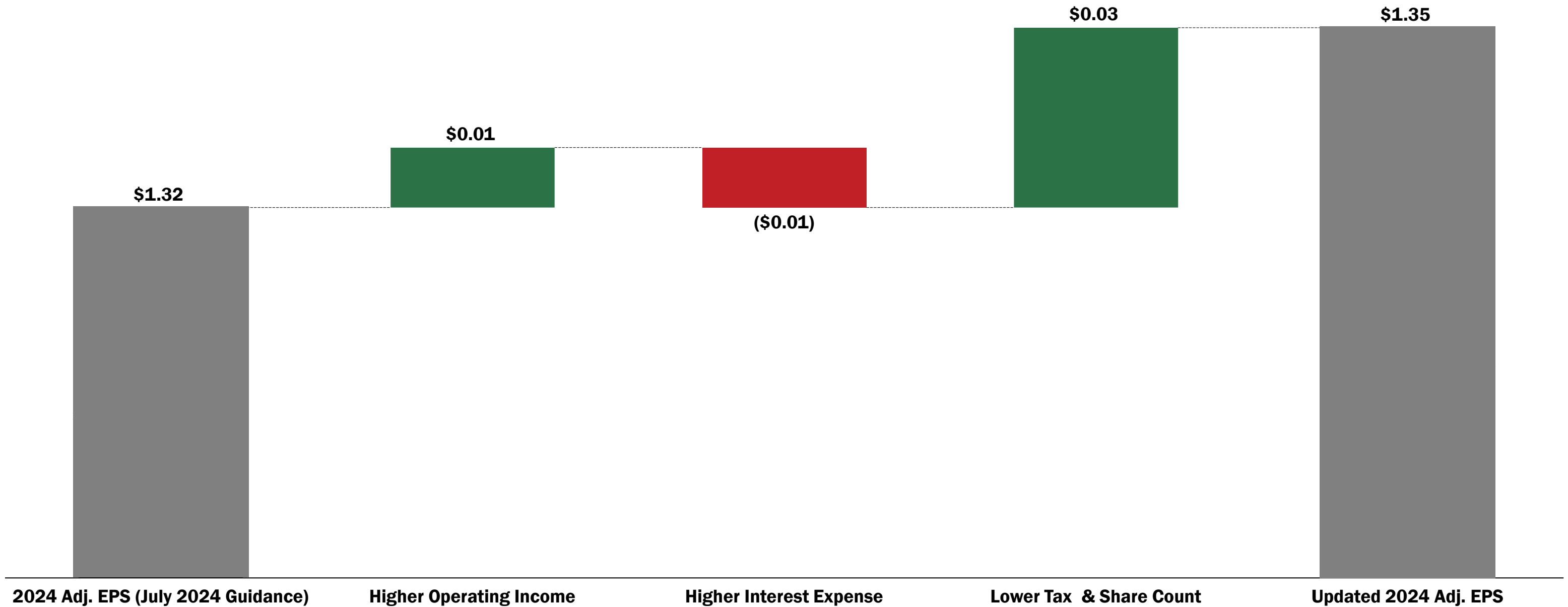
UPDATED 2024 GUIDANCE

	PRIOR 2024	UPDATED 2024	B/W (Midpoint)
CORE SALES GROWTH	(4%) to (2%)	(~4%) to (~3%)	(~0.5%)
ADJUSTED EBITDA	\$740M – \$770M	\$745M – \$765M	No Change
ADJUSTED EPS	\$1.29 – \$1.35	\$1.33 – \$1.37	+\$0.03
CAPITAL EXPENDITURES	~\$100M	~\$100M	No Change
FREE CASH FLOW CONVERSION	90%+	90%+	No Change

ON PACE TO RIVAL PRIOR RECORD FOR ADJUSTED EBITDA DOLLARS WHILE ENDURING EXTENDED INDUSTRIAL DEMAND WEAKNESS



UPDATED WALK TO 2024 ADJUSTED EPS MIDPOINT





**\$40M EXPECTED
ANNUALIZED SAVINGS**

Full Run Rate To Be Achieved Exiting 2026

100+ BPS

Anticipated Adj. EBITDA Margin Contribution

- **Three facility closures announced in 2H 2024**
 - Consolidation of subscale facilities
 - Projects expected to be substantially completed by year-end 2024
- **Global initiative; executing additional projects in 2025**
 - Focusing on manufacturing and distribution optimization
 - Savings expected to build over the course of 2025 and 2026
- **Footprint optimization savings expected to yield adjusted EBITDA margin benefit at high-end of range communicated in March 2024**
 - Anticipated savings to add 100+ basis points of adjusted EBITDA margin
 - Actions expected to benefit gross margin performance

EXPECT TO ACHIEVE 40% OF THE SAVINGS RUN RATE BY YEAR-END 2025; FULL RUN RATE SAVINGS ANTICIPATED BY YEAR-END 2026



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■ Solid results in an uneven demand environment

- Strong execution in managing what we can control
- Delivered record Q3 gross margin in a declining volume environment
- Adjusted EBITDA margin tracking to ~22% for year, 100+ basis points improvement YoY with volumes down

■ Multiple opportunities within our purview to generate enhanced shareholder value

- Positioning the company to deliver above-average organic growth through the cycle
- Multiple initiatives in place to help drive enhanced incremental margins as volume recovers
- Steadily improving balance sheet to fuel greater capital allocation optionality

POSITIONED TO INCREASE CORE GROWTH, MARGINS AND RETURNS ON CAPITAL





APPENDIX





Q3 2024 ADJUSTED EPS – SUMMARY WALK



Q3 2023	\$0.36	
OPERATING PERFORMANCE	(0.03)	Core sales decline vs. prior year period
INTEREST EXPENSE	0.01	Reduced debt balance
INCOME TAX EXPENSE	(0.03)	Higher effective tax rate
OTHER	0.02	Other and lower share count
Q3 2024	\$0.33	



RECONCILIATIONS – CORE SALES GROWTH

(USD in millions)

Reconciliation of Core Revenue Growth

Net sales for the quarter ended September 28, 2024 ⁽¹⁾

Impact on net sales of movements in currency rates

Core revenue for the quarter ended September 28, 2024

Net sales for the quarter ended September 30, 2023

Decrease in net sales on a core basis (core revenue)

Core revenue decline

	Power Transmission	Fluid Power	Q3 2024
\$	513.4	\$ 317.3	\$ 830.7
	5.4	3.4	8.8
\$	518.8	\$ 320.7	\$ 839.5
	536.4	336.5	872.9
\$	(17.6)	\$ (15.8)	\$ (33.4)
	(3.3%)	(4.7%)	(3.8%)

(USD in millions)

YTD Reconciliation of Core Revenue Growth

Net sales for the nine months ended September 28, 2024 ⁽¹⁾

Impact on net sales of movements in currency rates

Core revenue for the nine months ended September 28, 2024

Net sales for the nine months ended September 30, 2023

Decrease in net sales on a core basis (core revenue)

Core revenue decline

	Power Transmission	Fluid Power	YTD Q3 2024
\$	1,588.1	\$ 990.7	\$ 2,578.8
	23.5	1.2	24.7
\$	1,611.6	\$ 991.9	\$ 2,603.5
	1,658.4	1,048.5	2,706.9
\$	(46.8)	\$ (56.6)	\$ (103.4)
	(2.8%)	(5.4%)	(3.8%)



RECONCILIATIONS – HISTORICAL CORE SALES GROWTH CAGR 17

(USD in millions)

Reconciliation of Core Revenue Growth

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Net sales for the fiscal year		\$ 3,041.7	\$ 3,347.6	\$ 3,087.1	\$ 2,793.0	\$ 3,474.4	\$ 3,554.2	\$ 3,570.2
Impact on net sales of movements in currency rates		(13.4)	(18.9)	77.0	34.5	(76.3)	185.1	8.9
Impact on net sales from recent acquisitions		(33.4)	(107.2)	(7.5)	-	-	-	-
Core Sales		\$ 2,994.9	\$ 3,221.5	\$ 3,156.6	\$ 2,827.5	\$ 3,398.1	\$ 3,739.3	\$ 3,579.1
Net sales for the previous fiscal year		2,747.0	3,041.7	3,347.6	3,087.1	2,793.0	3,474.4	3,554.2
Increase (decrease) in net sales on a core basis (core revenue)		\$ 247.9	\$ 179.8	\$ (191.0)	\$ (259.6)	\$ 605.1	\$ 264.9	\$ 24.9
Core revenue growth (decline)		9.0%	5.9%	(5.7%)	(8.4%)	21.7%	7.6%	0.7%
Growth indexed to 2016	100%	109.0%	115.5%	108.9%	99.7%	121.3%	130.6%	131.5%
7-Year Core Growth Compound Annual Growth Rate ("CAGR")								4.0%



RECONCILIATIONS – ADJUSTED EBITDA & NET LEVERAGE

(USD in millions)

Reconciliation to Adjusted EBITDA

Net Income from Continuing Operations

Adjusted for:

	Q3 2024	Q3 2023	YTD Q3 2024	YTD Q3 2023	LTM Q3 2024	LTM Q3 2023
Net Income from Continuing Operations	\$ 55.2	\$ 85.6	\$ 179.3	\$ 187.8	\$ 248.5	\$ 278.0
Income tax expense	14.0	1.0	60.8	25.9	63.2	19.3
Net interest and other expenses	31.2	39.3	113.2	128.6	161.9	144.1
Loss on deconsolidation of Russian subsidiary ⁽¹⁾	12.8	-	12.8	-	12.8	-
Depreciation and amortization	53.7	54.0	162.8	162.5	217.8	215.6
Transaction-related expenses	0.5	1.3	2.1	2.1	2.2	2.2
Asset impairments	-	0.1	-	0.1	-	0.1
Restructuring expenses	2.2	2.6	5.0	10.3	6.3	11.4
Share-based compensation expense	6.4	3.3	20.2	19.6	28.0	29.1
Inventory impairments and adjustments ⁽²⁾ (included in cost of sales)	4.4	2.2	21.7	6.3	22.8	8.5
Severance expenses (included in cost of sales)	0.9	(0.1)	0.9	0.4	0.9	1.2
Severance expenses (included in SG&A)	1.4	-	1.5	0.9	1.6	1.0
Credit (gain) loss related to customer bankruptcy (included in SG&A) ⁽³⁾	(0.2)	-	(0.1)	11.4	(0.1)	11.4
Cybersecurity incident expenses ⁽⁴⁾	-	-	-	5.1	0.1	5.1
Other items not directly related to current operations ⁽⁵⁾	-	0.1	0.1	0.2	0.1	0.2
Adjusted EBITDA	\$ 182.5	\$ 189.4	\$ 580.3	\$ 561.2	\$ 766.1	\$ 727.2

Reconciliation to Net Leverage

Total principal amount of debt					\$ 2,394.9	\$ 2,476.8
Less: Cash and cash equivalents					(574.4)	(556.8)
Net Debt					\$ 1,820.5	\$ 1,920.0
Net Leverage (Net Debt divided by LTM Adjusted EBITDA)					2.4 x	2.6 x

(1) In July 2022, Gates suspended our operations in Russia. As of September 28, 2024, we deconsolidated the Russian subsidiary upon loss of control and recognized a deconsolidation loss.

(2) During the three, nine and twelve months ended September 28, 2024, inventory impairments and adjustments included \$4.4 million, \$21.7 million and \$22.8 million, respectively, for the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out (“LIFO”) basis.

(3) 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 preliminarily 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. We continue to monitor the circumstances surrounding the bankruptcy and adjust our estimate if necessary.

(4) 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.

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



RECONCILIATIONS - SEGMENT ADJUSTED EBITDA MARGIN & INCREMENTAL/DECREMENTAL MARGIN

(USD in millions)

Reconciliation to Adjusted EBITDA Margin and Incremental / Decremental Margin

	QTD Q3 2024	QTD Q3 2023	Change	Incremental / Decremental Margin	YTD Q3 2024	YTD Q3 2023	Change	Incremental / Decremental Margin
Power Transmission Net Sales	\$ 513.4	\$ 536.4	\$ (23.0)		\$ 1,588.1	\$ 1,658.4	\$ (70.3)	
Power Transmission Adjusted EBITDA	\$ 113.0	\$ 116.5	\$ (3.5)		\$ 355.8	\$ 343.2	\$ 12.6	
Adjusted EBITDA Margin	22.0%	21.7%	30 bps	(15.2%)	22.4%	20.7%	170 bps	17.9%
Fluid Power Net Sales	\$ 317.3	\$ 336.5	\$ (19.2)		\$ 990.7	\$ 1,048.5	\$ (57.8)	
Fluid Power Adjusted EBITDA	\$ 69.5	\$ 72.9	\$ (3.4)		\$ 224.5	\$ 218.0	\$ 6.5	
Adjusted EBITDA Margin	21.9%	21.7%	20 bps	(17.7%)	22.7%	20.8%	190 bps	11.2%
Total Net Sales	\$ 830.7	\$ 872.9	\$ (42.2)		\$ 2,578.8	\$ 2,706.9	\$ (128.1)	
Total Adjusted EBITDA	\$ 182.5	\$ 189.4	\$ (6.9)		\$ 580.3	\$ 561.2	\$ 19.1	
Adjusted EBITDA Margin	22.0%	21.7%	30 bps	(16.4%)	22.5%	20.7%	180 bps	14.9%
Net Income From Continuing Operations	\$ 55.2	\$ 85.6	\$ (30.4)		\$ 179.3	\$ 187.8	\$ (8.5)	
Net Income From Continuing Operations Margin	6.6%	9.8%	-320 bps	(72.0%)	7.0%	6.9%	10 bps	(6.6%)



RECONCILIATIONS – ADJUSTED NET INCOME

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(USD in millions, except share numbers and per share amounts)

Reconciliation to Adjusted Net Income

Net Income Attributable to Shareholders

Adjusted for:

	Q3 2024	Q3 2023	YTD Q3 2024	YTD Q3 2023	LTM Q3 2024	LTM Q3 2023
Net Income Attributable to Shareholders	\$ 47.6	\$ 78.7	\$ 158.3	\$ 170.0	\$ 221.2	\$ 254.9
Loss on the disposal of discontinued operations	0.1	0.1	0.5	0.5	0.6	0.6
Loss on deconsolidation of Russian subsidiary ⁽¹⁾	12.8	-	12.8	-	12.8	-
Amortization of intangible assets arising from the 2014 acquisition of Gates	28.8	29.1	86.8	87.3	115.7	115.8
Transaction-related expenses	0.5	1.3	2.1	2.1	2.2	2.2
Asset impairments	-	0.1	-	0.1	-	0.1
Restructuring expenses	2.2	2.6	5.0	10.3	6.3	11.4
Share-based compensation expense	6.4	3.3	20.2	19.6	28.0	29.1
Inventory impairments and adjustments ⁽²⁾ (included in cost of sales)	4.4	2.2	21.7	6.3	22.8	8.5
Adjustments relating to post-retirement benefits	(0.6)	(0.7)	(1.9)	(2.2)	(2.7)	(3.9)
Financing and other FX related losses (gains)	0.6	2.5	(0.9)	10.1	15.8	(13.9)
Credit (gain) loss related to customer bankruptcy (included in SG&A) ⁽³⁾	(0.2)	-	(0.1)	11.4	(0.1)	11.4
Cybersecurity incident expenses ⁽⁴⁾	-	-	-	5.1	0.1	5.1
Loss on extinguishment of debt ⁽⁵⁾	-	-	14.8	-	14.8	-
Discrete Tax Items ⁽⁶⁾	(7.8)	(11.0)	(8.3)	(11.0)	(14.4)	(38.8)
Other adjustments	1.1	(1.9)	(2.3)	(4.5)	(2.5)	(4.8)
Estimated tax effect of the above adjustments	(9.0)	(10.4)	(34.5)	(34.8)	(47.8)	(37.6)
Adjusted Net Income	\$ 86.9	\$ 95.9	\$ 274.2	\$ 270.3	\$ 372.8	\$ 340.1

Diluted weighted average number of shares outstanding

263,441,572 267,835,011

Adjusted Net Income per diluted share

\$ 0.33 \$ 0.36

Note: Referenced footnotes continue the following page



RECONCILIATIONS – ADJUSTED NET INCOME (CONT.)

-
- (1) In July 2022, Gates suspended our operations in Russia. As of September 28, 2024, we deconsolidated the Russian subsidiary upon loss of control and recognized a deconsolidation loss.
- (2) During the three, nine and twelve months ended September 28, 2024, inventory impairments and adjustments included \$4.4 million, \$21.7 million and \$22.8 million, respectively, for the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out (“LIFO”) basis.
- (3) 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 preliminarily 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. We continue to monitor the circumstances surrounding the bankruptcy and adjust our estimate if necessary.
- (4) 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.
- (5) 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 nine and twelve months ended September 28, 2024.
- (6) During the nine months ended September 28, 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 September 28, 2024, discrete tax benefits of \$7.8 million included \$6.5 million related to changes in the realizability of certain deferred tax assets, primarily related to U.S. foreign tax credit carryforwards, \$3.2 million of discrete tax benefit related to loss on deconsolidation of Russian subsidiary, offset by \$1.9 million of other net discrete tax expenses. For the nine months ended September 28, 2024, discrete tax benefits of \$8.3 million included \$13.8 million related to unrecognized tax benefits due to audit closures and \$3.2 million discrete tax benefit from a loss on deconsolidation of Russian subsidiary, offset by \$3.4 million of uncertain tax benefit interest accrual, \$4.2 million of net discrete expense related to changes in the realizability of certain deferred tax assets and \$1.1 million of other net discrete tax expenses.



RECONCILIATIONS – FREE CASH FLOW & FREE CASH FLOW CONVERSION

(USD in millions)

Reconciliation of Free Cash Flow

Net Cash Provided By Operating Activities
Capital Expenditures ⁽¹⁾
Free Cash Flow

	Q3 2024	Q3 2023	YTD Q3 2024	YTD Q3 2023	LTM Q3 2024	LTM Q3 2023
Net Cash Provided By Operating Activities	\$ 115.9	\$ 107.8	\$ 188.7	\$ 291.7	\$ 378.0	\$ 538.7
Capital Expenditures ⁽¹⁾	(28.0)	(17.4)	(73.3)	(47.2)	(97.5)	(68.5)
Free Cash Flow	\$ 87.9	\$ 90.4	\$ 115.4	\$ 244.5	\$ 280.5	\$ 470.2

(USD in millions)

Reconciliation of Free Cash Flow Conversion

Free Cash Flow
Adjusted Net Income
Free Cash Flow Conversion

	Q3 2024	Q3 2023	YTD Q3 2024	YTD Q3 2023	LTM Q3 2024	LTM Q3 2023
Free Cash Flow	\$ 87.9	\$ 90.4	\$ 115.4	\$ 244.5	\$ 280.5	\$ 470.2
Adjusted Net Income	\$ 86.9	\$ 95.9	\$ 274.2	\$ 270.3	\$ 372.8	\$ 340.1
Free Cash Flow Conversion	101.2%	94.3%	42.1%	90.5%	75.3%	138.3%



RECONCILIATIONS – RETURN ON INVESTED CAPITAL (ROIC)

(USD in millions)

Return On Invested Capital (ROIC)

LTM Adjusted EBITDA

LTM Total depreciation and amortization

LTM Amortization of intangible assets arising from the 2014 acquisition of Gates

LTM Adjusted EBIT

Notional tax at 25%

LTM Tax-effected Adjusted EBIT

Total Assets

Adjusted for:

Cash

Taxes receivable

Deferred tax assets

Prepaid taxes

Accounts payable

Intangibles arising from the acquisition of Gates

Invested Capital

Return On Invested Capital

Trade Working Capital

LTM Sales

Trade Working Capital

Percent of LTM Sales

Change YoY

	LTM Q3 2024	LTM Q3 2023
	\$ 766.1	\$ 727.2
	(217.8)	(215.6)
	115.7	115.8
	664.0	627.4
	(166.0)	(156.9)
	\$ 498.0	\$ 470.5
	\$ 7,121.5	\$ 7,109.3
	(574.4)	(556.8)
	(81.5)	(65.1)
	(643.5)	(607.8)
	(14.0)	(11.4)
	(427.5)	(441.1)
	(3,148.6)	(3,248.3)
	\$ 2,232.0	\$ 2,178.8
	22.3%	21.6%
	\$ 3,442.2	\$ 3,600.0
	1,062.7	1,048.5
	30.9%	29.1%
	170 bps	