

Q1 2025 EARNINGS PRESENTATION

APRIL 30, 2025

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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, actions we are taking to mitigate uncertainty, the impact of capital spending on our future ROIC (as defined herein), our outlook for the second quarter and full year 2025 (including the related assumptions), statements regarding tariffs, their estimated impact and our related mitigation strategy, the success of our enterprise initiatives, our SG&A spend, the success of our efficiency actions, the state of our balance sheet, and our capital deployment strategy. Such forward-looking statements are subject to various risks and uncertainties, including, among others, economic, political and other risks associated with both our U.S. and our international operations, risks inherent to the manufacturing industry, macroeconomic factors beyond the Company's control (including material and logistics availability, tariffs, 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, and market acceptance of new products. 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 28, 2024, 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 2025. 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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Q1 2025 KEY HIGHLIGHTS & METRICS

- **Revenue came in ahead of February guidance**
  - Replacement channel grew, supported by HSD growth in Auto Replacement
  - Off-Highway fell MSD; Mobility grew 30%+
- **Strong operating performance resulted in Adjusted EBITDA margin of 22%+**
  - Gross margin expanded to 40.7%
  - Continue to benefit from enterprise initiatives
- **Net leverage declined slightly YoY to 2.3x**
  - Free cash flow improved YoY and was consistent with normal seasonality
  - Repurchased $13 million of stock during the quarter; over $100 million remaining under existing authorization
- **Maintaining 2025 guidance**
  - Near-term uncertainty; continue to have a pragmatic view of the future
  - Focused on what we can control; implementing actions to mitigate macro-based uncertainty

SOLID FINANCIAL PERFORMANCE TO BEGIN 2025

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Q1 2025 – FINANCIAL PERFORMANCE

$848M

Net Sales

1.4% Core Sales Growth YoY

- Solid Auto Replacement demand
- Industrial Replacement demand stabilized; about flat YoY
- Strong Personal Mobility growth

$187M

Adjusted EBITDA

22.1% Adjusted EBITDA margin

- YoY margin performance consistent with expectations
- Non-recurring favorable SG&A items realized in prior year period
- Gross margin was 40.7%

$0.36

Adjusted Earnings per Share

5.9% Growth YoY

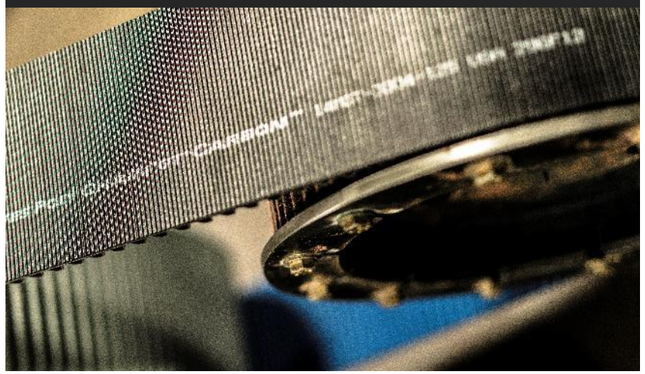
- Solid operating performance
- Benefited from lower interest expense and share count

POSITIVE CORE GROWTH WITH SOLID OPERATING RESULTS

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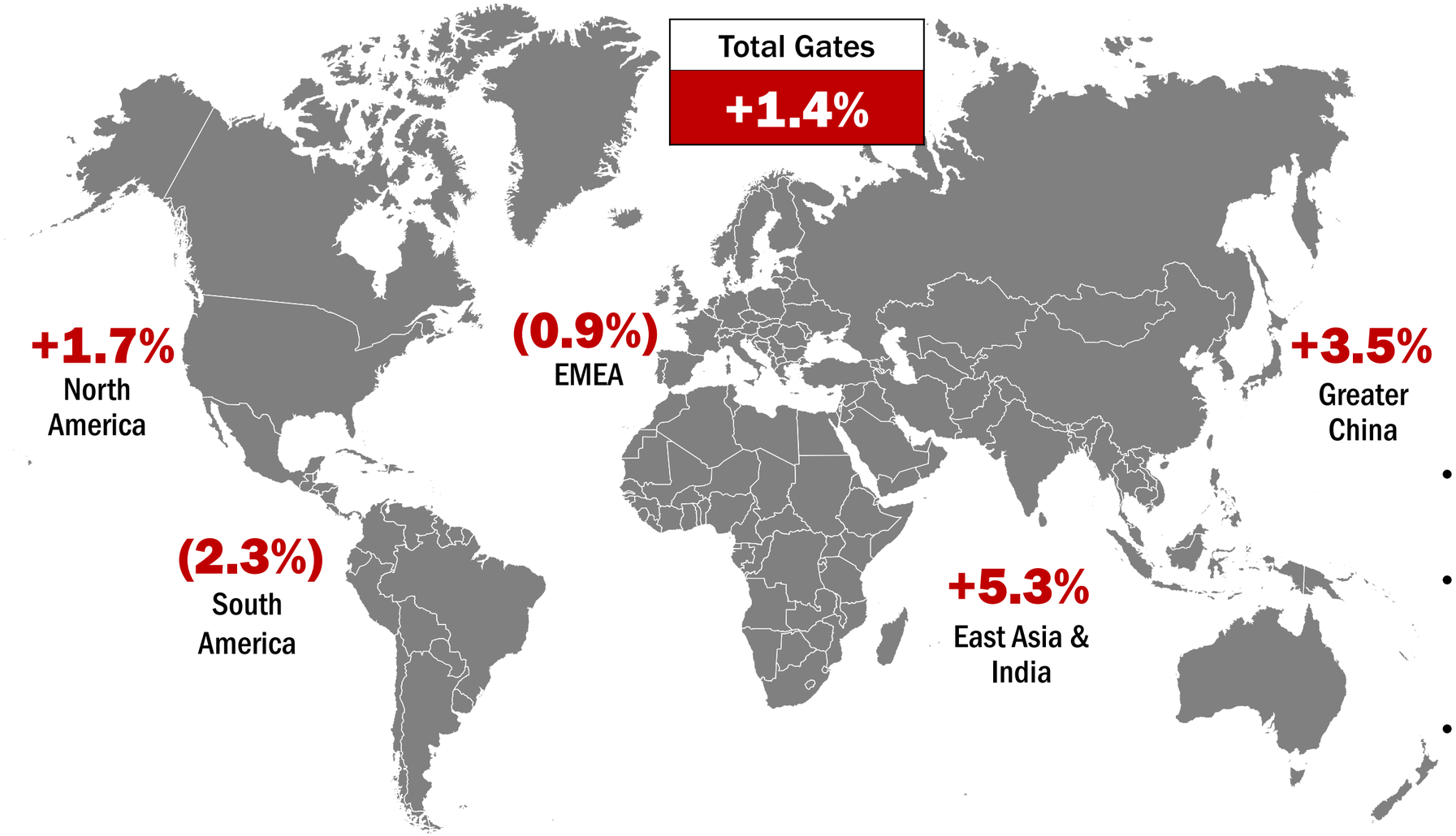
Notes: Adjusted Earnings Per Share: Adjusted Net Income per diluted share

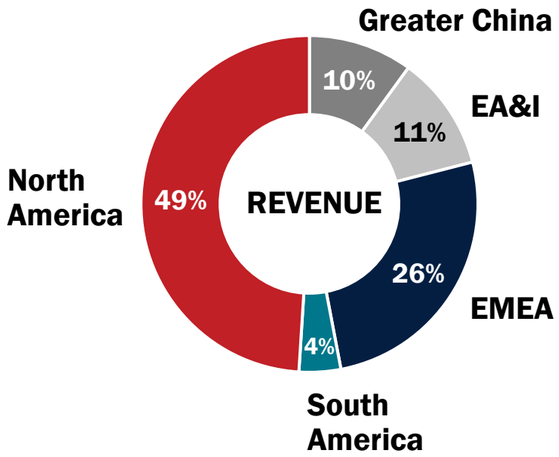
Q1 2025 – SEGMENT RESULTS

	PERFORMANCE		HIGHLIGHTS
POWER TRANSMISSION 	**NET SALES**	**$527M** *2.1% Core YoY*	▪ Replacement growth led by strong auto replacement demand; OEM down slightly ▪ Growth in Personal Mobility and Automotive Replacement end markets; Industrial end markets performing in line with expectations
	ADJUSTED EBITDA	**$117M**	
	ADJUSTED EBITDA MARGIN	**22.1%** *(20) bps YoY*	
FLUID POWER 	**NET SALES**	**$320M** *0.1% Core YoY*	▪ Growth in Replacement offset by declines in OEM ▪ Automotive Replacement saw mid-teens growth while Industrial OEM sales declined low double-digits
	ADJUSTED EBITDA	**$71M**	
	ADJUSTED EBITDA MARGIN	**22.0%** *(120) bps YoY*	

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Q1 2025 – REGIONAL CORE REVENUE PERFORMANCE



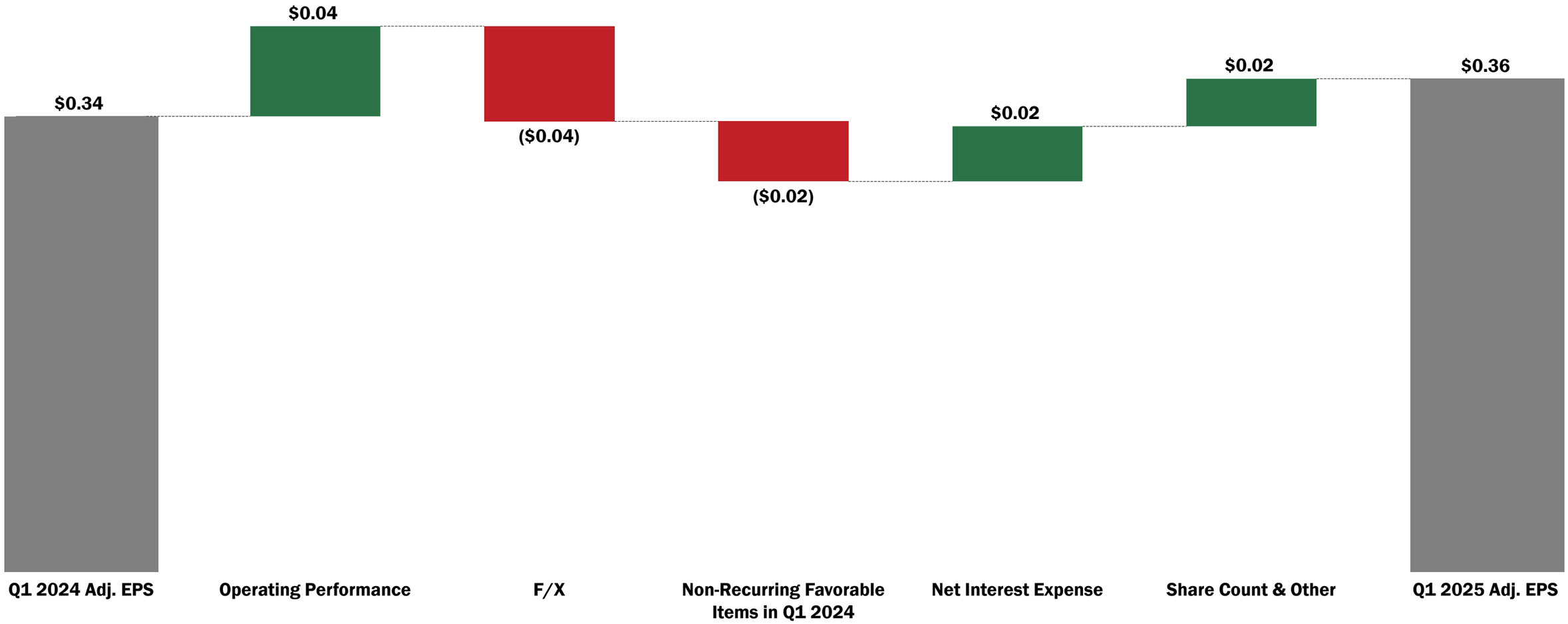


- **NA: Automotive Replacement and Personal Mobility grew double-digits**
- **EMEA: Recovery in Personal Mobility largely offset continued macro weakness**
- **Asia: Demand trends consistent with prior quarter**

GLOBAL GROWTH SUPPORTED BY CONSTRUCTIVE AUTO REPLACEMENT AND BROAD RECOVERY TREND IN PERSONAL MOBILITY

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Q1 2025 ADJUSTED EPS WALK



SOLID OPERATING PERFORMANCE DROVE EPS IMPROVEMENT

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Q1 2025 – CAPITAL EFFICIENCY & CASH FLOW

($19M)
Free Cash Flow

Normal seasonal performance

- Generated positive cash flow from operations
- Capex increased YoY to support key projects

2.3x
Net Leverage

Improved slightly YoY

- Gross debt continued to decline
- Repurchased $13 million of shares

22.5%
ROIC

Declined ~60 bps YoY

- Slightly lower profitability vs. Q1 2024
- Capital spending increased; expected to drive future ROIC expansion

STRONG FINANCIAL FOUNDATION IN PLACE

Notes: Free Cash Flow: Net cash provided by (used in) operating activities less capital expenditures
Free Cash Flow Conversion: LTM Free Cash Flow (Net Cash Provided by Operations minus capital expenditures) expressed as a percentage of LTM 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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REITERATING 2025 GUIDANCE

	PRIOR 2025	CURRENT 2025	B/W (Midpoint)
CORE REVENUE GROWTH	(0.5%) to +3.5%	(0.5%) to +3.5%	No Change
ADJUSTED EBITDA	$735M – $795M	$735M – $795M	No Change
ADJUSTED EPS	$1.36 – $1.52	$1.36 – $1.52	No Change
CAPITAL EXPENDITURES	~$120M	~$120M	No Change
FREE CASH FLOW CONVERSION	90%+	90%+	No Change

Q2 COMMENTARY

- **Revenues: $845M - $885M**
  - Core approximately flat YoY at midpoint
- **Adjusted EBITDA Margin**
  - (10) bps to (60) bps YoY – non-recurring property gain contributed 80 basis points to Q2 2024 adjusted EBITDA margin

REITERATING FULL YEAR GUIDANCE

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TARIFF IMPACTS & MITIGATION ACTIONS

ESTIMATED ENACTED 2025 TARIFF IMPACT

AS OF APRIL 29, 2025

Gates Regional Tariff Exposure:

- **China:**
  - **~$15 million** (125% retaliatory rate on imported U.S. product)
- **North America:**
  - **~$35 million** (145% on China imports, 25% on non-USMCA product from Mexico and Canada, steel & aluminum tariffs)
  - ~80% of purchases qualify under United States-Mexico-Canada Agreement
- **Rest of World:**
  - Immaterial impact (10% reciprocal rate)

Total Estimated 2025 Tariff/Inflation Impact: ~$50M

MITIGATION STRATEGY

- **Plan to mitigate majority of tariff impact with pricing actions**
- **Communicated price increases to channel partners in early April**
- **Expect to match timing of price with incoming cost**
- **Working on other operational initiatives to mitigate potential margin dilution from tariffs**

Expect Impact on 2025 Adjusted EBITDA to be Approximately Neutral

IN-REGION FOR-REGION OPERATIONAL STRUCTURE LIMITS GATES TARIFF EXPOSURE

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SUMMARY THOUGHTS

- **Solid start to 2025**
  - Core sales growth was slightly better than expected
  - Gross margins continue to improve
- **Demand trends in line with initial expectations**
  - Near-term uncertainty
  - Prepared to implement additional efficiency actions
- **Well equipped to manage business uncertainty**
  - Commercial and operating teams prepared to mitigate tariff costs
  - Remain highly focused on driving enterprise initiatives
  - Balance sheet is in solid position; intend to be opportunistic deploying capital

FOCUSED ON CONTROLLABLE ITEMS AND READY TO FLEX OPERATIONS AS NEEDED

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Gates

APPENDIX

Q1 2025 ADJUSTED EPS – SUMMARY WALK

Q1 2024	**$0.34**	
OPERATING PERFORMANCE	0.04	Core sales growth vs prior year period
FOREIGN EXCHANGE	(0.04)	Unfavorable foreign currency
NET INTEREST EXPENSE	0.02	Lower interest rate
LOWER SHARE COUNT & NON-OPERATIONAL ITEMS	0.02	Share repurchases executed over the last year; favorable other income
OTHER ITEMS	(0.02)	Non-recurring favorable items from 2024
Q1 2025	**$0.36**	

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RECONCILIATIONS – CORE SALES GROWTH

(USD in millions)

	Power Transmission	Fluid Power	Q1 2025
Reconciliation of Core Sales Growth			
Net sales for the quarter ended March 29, 2025 [1]	**$ 527.2**	**$ 320.4**	**$ 847.6**
Impact on net sales of movements in currency rates	16.9	9.8	26.7
Core sales for the quarter ended March 29, 2025	**$ 544.1**	**$ 330.2**	**$ 874.3**
Net sales for the quarter ended March 30, 2024	532.8	329.8	862.6
Decrease in net sales	(5.6)	(9.4)	(15.0)
Increase in net sales on a core basis (core sales)	**$ 11.3**	**$ 0.4**	**$ 11.7**
Total sales decline	**(1.1%)**	**(2.9%)**	**(1.7%)**
Core sales growth	**2.1%**	**0.1%**	**1.4%**

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(1) Throughout this document the terms "net sales" and "revenue" are used interchangeably in reference to the GAAP measure "net sales."

RECONCILIATIONS – ADJUSTED EBITDA & NET LEVERAGE

(USD in millions)	Q1 2025	Q1 2024	LTM Q1 2025	LTM Q1 2024
Reconciliation to Adjusted EBITDA				
Net Income from Continuing Operations	**$ 68.6**	**$ 46.2**	**$ 242.9**	**$ 272.3**
Adjusted for:				
Income tax expense	25.2	34.5	98.2	47.5
Net interest and other expenses	30.9	36.0	132.9	172.2
Loss on deconsolidation of Russian subsidiary (1)	-	-	12.8	-
Depreciation and amortization	52.2	54.6	214.5	217.6
Transaction-related expenses	0.4	0.4	3.3	2.4
Asset impairments	0.6	-	0.6	0.1
Restructuring expenses	1.6	1.2	6.9	7.3
Share-based compensation expense	6.1	8.6	26.3	26.5
Inventory write-offs and adjustments (2) (included in cost of sales)	(1.0)	13.9	7.4	20.7
Restructuring-related expenses (included in cost of sales)	1.2	-	3.0	(0.1)
Restructuring-related expenses (included in SG&A)	1.5	0.1	4.3	0.5
Credit loss (gain) related to customer bankruptcy (included in SG&A) (3)	-	0.1	(0.1)	0.8
Cybersecurity incident expenses (4)	-	-	-	0.1
Other items not directly related to current operations	-	-	(0.2)	0.2
Adjusted EBITDA	**$ 187.3**	**$ 195.6**	**$ 752.8**	**$ 768.1**
Adjusted EBITDA margin				
Net Sales	$ 847.6	$ 862.6	$ 3,393.2	$ 3,535.1
Adjusted EBITDA	$ 187.3	$ 195.6	$ 752.8	$ 768.1
Adjusted EBITDA margin	**22.1%**	**22.7%**	**22.2%**	**21.7%**
Reconciliation to Net Leverage				
Total principal amount of debt			$ 2,358.8	$ 2,367.0
Less: Cash and cash equivalents			(640.2)	(522.2)
Net Debt			**$ 1,718.6**	**$ 1,844.8**
Net Leverage (Net Debt divided by LTM Adjusted EBITDA)			**2.3 x**	**2.4 x**
Net Leverage Change YoY			**(.1 x)**	

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

(2) Inventory write-offs and adjustments include the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out ("LIFO") basis. During the three months ended March 29, 2025, the Company experienced a decrease in inventory values, that resulted in the liquidation of a LIFO inventory layer. This LIFO liquidation did not have a significant effect on net income. During the twelve months ended March 29, 2025, inventory write-offs and adjustments included $7.4 million for the reversal or the adjustment to remeasure certain inventories on a 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.

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RECONCILIATIONS – SEGMENT ADJUSTED EBITDA

(USD in millions)

Reconciliation to Segment Adjusted EBITDA Margin

	Q1 2025	Q1 2024	Change
Power Transmission Net Sales	$ 527.2	$ 532.8	$ (5.6)
Power Transmission Adjusted EBITDA	$ 116.7	$ 119.0	$ (2.3)
Adjusted EBITDA Margin	**22.1%**	**22.3%**	**-20 bps**
Fluid Power Net Sales	$ 320.4	$ 329.8	$ (9.4)
Fluid Power Adjusted EBITDA	$ 70.6	$ 76.6	$ (6.0)
Adjusted EBITDA Margin	**22.0%**	**23.2%**	**-120 bps**
Total Net Sales	$ 847.6	$ 862.6	$ (15.0)
Total Adjusted EBITDA	$ 187.3	$ 195.6	$ (8.3)
Adjusted EBITDA Margin	**22.1%**	**22.7%**	**-60 bps**
Net Income From Continuing Operations	$ 68.6	$ 46.2	$ 22.4
Net Income From Continuing Operations Margin	**8.1%**	**5.4%**	**270 bps**

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RECONCILIATIONS – ADJUSTED NET INCOME

(USD in millions, except share numbers and per share amounts)	Q1 2025	Q1 2024	LTM Q1 2025	LTM Q1 2024
Reconciliation to Adjusted Net Income				
Net Income Attributable to Shareholders	**$ 62.0**	**$ 40.0**	**$ 216.9**	**$ 246.5**
Adjusted for:				
Loss on the disposal of discontinued operations	0.3	0.1	0.8	0.4
Loss on deconsolidation of Russian subsidiary [(1)]	-	-	12.7	-
Amortization of intangible assets arising from the 2014 acquisition of Gates	28.3	29.1	114.7	116.3
Transaction-related expenses	0.4	0.4	3.3	2.4
Asset impairments	0.6	-	0.6	0.1
Restructuring expenses	1.6	1.2	6.9	7.3
Restructuring related expenses (included in cost of sales)	1.2	-	3.0	(0.1)
Restructuring related expenses (included in SG&A)	1.5	0.1	4.3	0.5
Share-based compensation expense	6.1	8.6	26.3	26.5
Inventory write-offs and adjustments [(2)] (included in cost of sales)	(1.0)	13.9	7.4	20.7
Adjustments relating to post-retirement benefits	0.4	(0.7)	(1.5)	(3.0)
Financing and other FX related (gains) losses	3.2	1.5	(5.3)	26.7
Credit loss (gain) related to customer bankruptcy (included in SG&A) [(3)]	-	0.1	(0.1)	0.8
Cybersecurity incident expenses [(4)]	-	-	-	0.1
Loss on extinguishment of debt [(5)]	-	-	14.8	-
Discrete Tax Items [(6)]	0.1	11.7	11.8	(11.8)
Other adjustments	(1.3)	(1.8)	(6.6)	(5.0)
Estimated tax effect of the above adjustments	(9.5)	(12.4)	(40.2)	(46.9)
Adjusted Net Income	**$ 93.9**	**$ 91.8**	**$ 369.8**	**$ 381.5**
Diluted weighted average number of shares outstanding	261,567,906	267,435,531		
GAAP Net Income per diluted share	**$ 0.24**	**$ 0.15**		
Adjusted Net Income per diluted share	**$ 0.36**	**$ 0.34**		
YoY Adjusted Net Income per diluted share	**5.9%**			

Note: Referenced footnotes continue on the following page

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RECONCILIATIONS – ADJUSTED NET INCOME (CONT.)

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

(2) Inventory write-offs and adjustments include the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out ("LIFO") basis. During the three months ended March 29, 2025, the Company experienced a decrease in inventory values, that resulted in the liquidation of a LIFO inventory layer. This LIFO liquidation did not have a significant effect on net income. During the twelve months ended March 29, 2025, inventory write-offs and adjustments included $7.4 million for the reversal or the adjustment to remeasure certain inventories on a 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 year ended December 28, 2024.

(6) For the three months ended March 29, 2025, the discrete tax items of $0.1 million comprised of a discrete tax benefit of $6.0 million related to excess tax benefits on stock option exercises and $0.1 million related to other net discrete benefits, offset by discrete expenses of $5.2 million primarily related to changes in the realizability of certain deferred tax assets and $1.0 million related to net unrecognized tax benefits.

For the twelve months ended March 29, 2025, the discrete tax items of $11.8 million comprised of $25.8 million related to changes in tax rates and law changes, primarily due to the corporate tax rate change in Luxembourg, and the dividend withholding tax rate change in Turkey, $2.2 million primarily related to changes in the realizability of certain deferred tax assets, and $2.6 million related to other net discrete expenses, offset by discrete benefits of $12.8 million related to net unrecognized tax benefits, and $6.0 million related to excess tax benefits on stock option exercises.

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RECONCILIATIONS – FREE CASH FLOW & FREE CASH FLOW CONVERSION

(USD in millions)	Q1 2025	Q1 2024	LTM Q1 2025	LTM Q1 2024
Reconciliation of Free Cash Flow				
Net Cash Provided By Operating Activities	$ 7.3	$ (21.0)	$ 407.9	$ 407.5
Capital Expenditures [1]	(26.2)	(18.1)	(114.8)	(74.9)
Free Cash Flow	**$ (18.9)**	**$ (39.1)**	**$ 293.1**	**$ 332.6**

(USD in millions)	Q1 2025	Q1 2024	LTM Q1 2025	LTM Q1 2024
Reconciliation of Free Cash Flow Conversion				
Free Cash Flow	$ (18.9)	$ (39.1)	$ 293.1	$ 332.6
Adjusted Net Income	$ 93.9	$ 91.8	$ 369.8	$ 381.5
Free Cash Flow Conversion	**(20.1%)**	**(42.6%)**	**79.3%**	**87.2%**

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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 Q1 2025	LTM Q1 2024
Return On Invested Capital (ROIC)		
LTM Adjusted EBITDA	**$ 752.8**	**$ 768.1**
LTM Total depreciation and amortization	(214.5)	(217.6)
LTM Amortization of intangible assets arising from the 2014 acquisition of Gates	114.7	116.3
LTM Adjusted EBIT	**653.0**	**666.8**
Notional tax at 25%	(163.3)	(166.7)
LTM Tax-effected Adjusted EBIT	**$ 489.7**	**$ 500.1**
Total Assets	$ 6,885.8	$ 7,045.9
Adjusted for:		
Cash	(640.2)	(522.2)
Taxes receivable	(55.2)	(62.5)
Deferred tax assets	(570.9)	(607.4)
Prepaid taxes	(15.5)	(14.0)
Accounts payable	(417.0)	(451.4)
Intangibles arising from the acquisition of Gates	(3,015.0)	(3,222.0)
Invested Capital	**$ 2,172.0**	**$ 2,166.4**
Return On Invested Capital	**22.5%**	**23.1%**
Change YoY	**-50 bps**	

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