



**Q1 2026
EARNINGS PRESENTATION**

MAY 1, 2026





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 demand and growth trends, our outlook for the second quarter and full year 2026 (including the related assumptions), the financial impact of tariffs, our orders, our operating and financial position, our capital allocation opportunities and our ability to drive adjusted EBITDA margin improvements and long-term shareholder growth. Such forward-looking statements are subject to various risks and uncertainties, including, among others, U.S. policies, actions or legislation (including the imposition of tariffs); economic, political and other risks associated with international operations (including as a result of the ongoing conflicts in the Middle East and their impact on supply chains, such as reduced availability of certain of our production materials and increased supply costs, and economic conditions); availability of raw materials or other manufacturing inputs at favorable prices in sufficient quantities, or at a given time; changes in our relationships with, or the financial condition, performance, purchasing power or inventory levels of, key channel partners; dependence on the continued operation of our manufacturing facilities, supply chains, distribution systems and information technology systems; our ability to forecast demand or meet significant increases in demand and market acceptance of new product introductions and innovations. 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 31, 2025, 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.



- **Strong business execution**

- Successful implementation of ERP system in Europe
- Sales and margin largely consistent with expectations

- **Demand trends continued to improve**

- Known headwinds at start of the year; March core growth accelerated to MSD rate
- Enterprise book-to-bill finished nicely above 1

- **Maintaining 2026 guidance**

- Generated order growth consistent with core growth outlook for the year
- Anticipate no material financial impact from Section 232 tariffs

TEAM EXECUTED WELL; POSITIONED TO SUPPORT EXPECTED IMPROVEMENT IN GROWTH TRENDS



\$851M

Net Sales

(2.9%) Core Sales YoY

- ERP and fewer working days resulted in ~(-600) bps of core sales headwind YoY
- Q1 orders robust; Industrial OEM orders continue to improve

\$177M

Adjusted EBITDA

20.8% Adjusted EBITDA margin

- YoY margin performance slightly better than expectations
- Adjusted gross profit margin of 40.5%

\$0.35

Adjusted Earnings per Share

Down slightly YoY

- Fewer working days and Europe ERP transition combined to represent a \$0.07 adjusted EPS headwind YoY
- Underlying operating performance and a lower tax rate were modest benefits to EPS

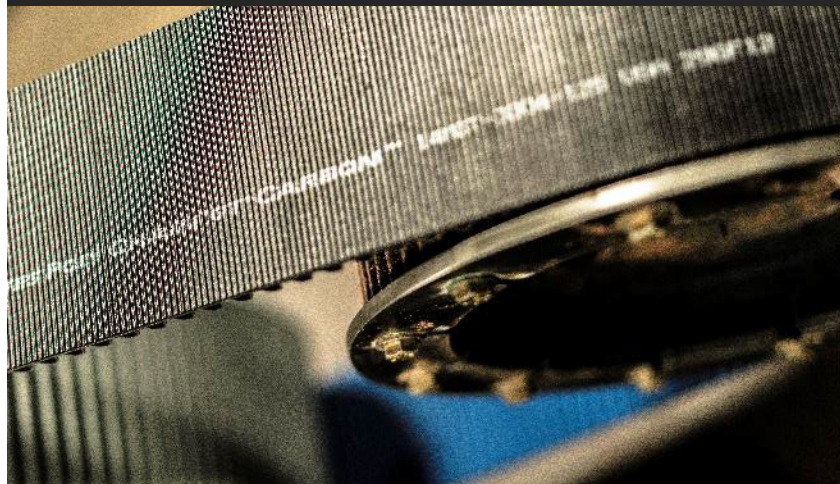
SOLID EXECUTION THROUGH ANTICIPATED HEADWINDS; POSITIONED WELL FOR BALANCE OF THE YEAR



PERFORMANCE

HIGHLIGHTS

POWER TRANSMISSION



NET SALES

\$533M
(2.5%) Core YoY

ADJUSTED EBITDA

\$112M

ADJUSTED EBITDA MARGIN

21.0%
(110) bps YoY

- Fewer working days YoY and Europe ERP implementation impacted segment core growth
- Order trends broadly accelerated in March
- Construction and Agriculture continue to improve

FLUID POWER



NET SALES

\$318M
(3.5%) Core YoY

ADJUSTED EBITDA

\$65M

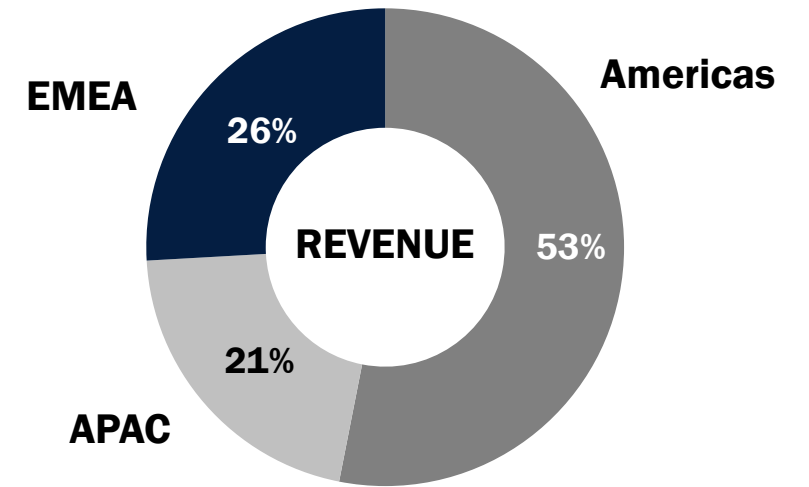
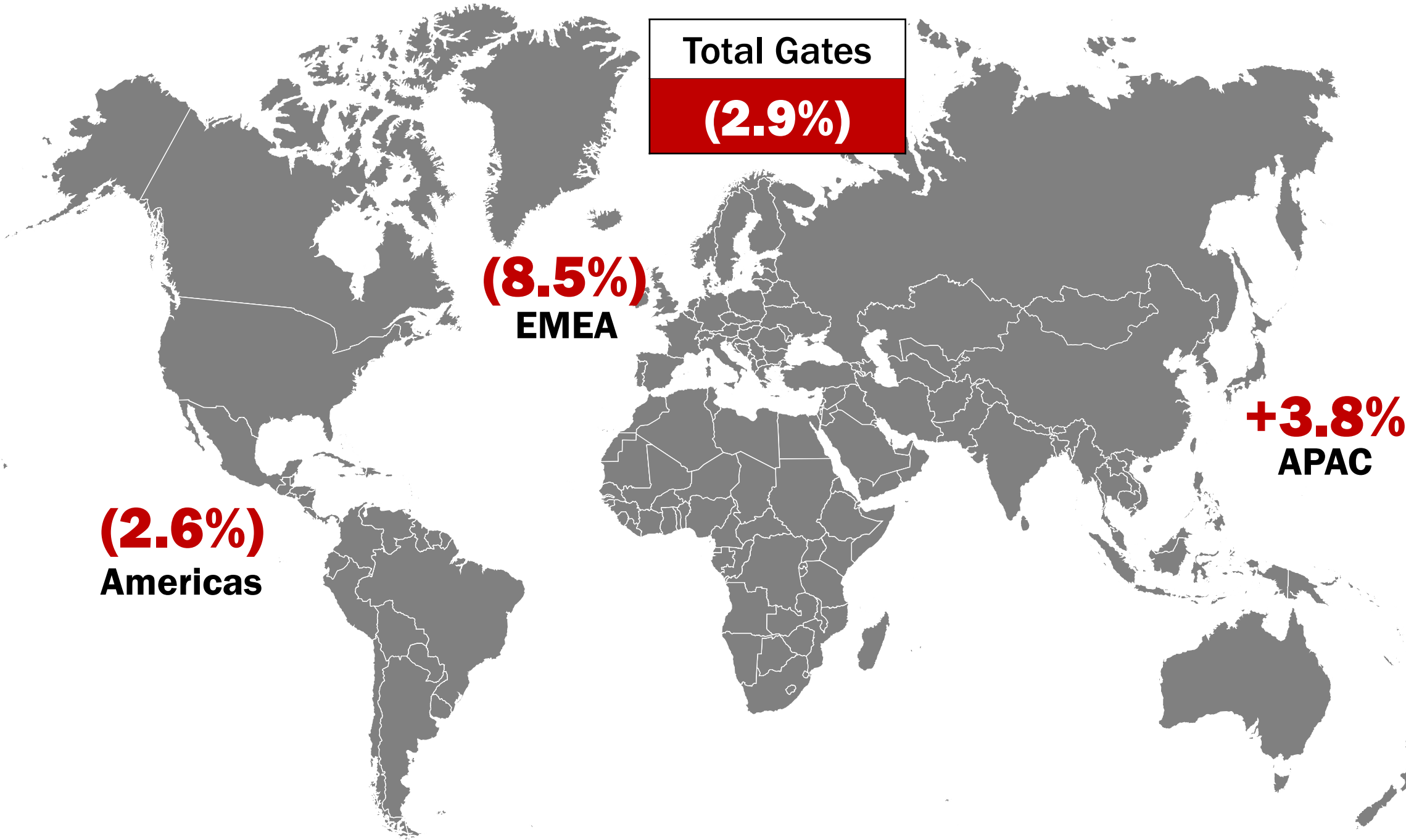
ADJUSTED EBITDA MARGIN

20.6%
(140) bps YoY

- Fewer working days YoY and Europe ERP implementation impacted top-line
- Strong order intake exiting Q1
- On-Highway weak; significant Data Center growth YoY



Q1 2026 – REGIONAL CORE REVENUE PERFORMANCE

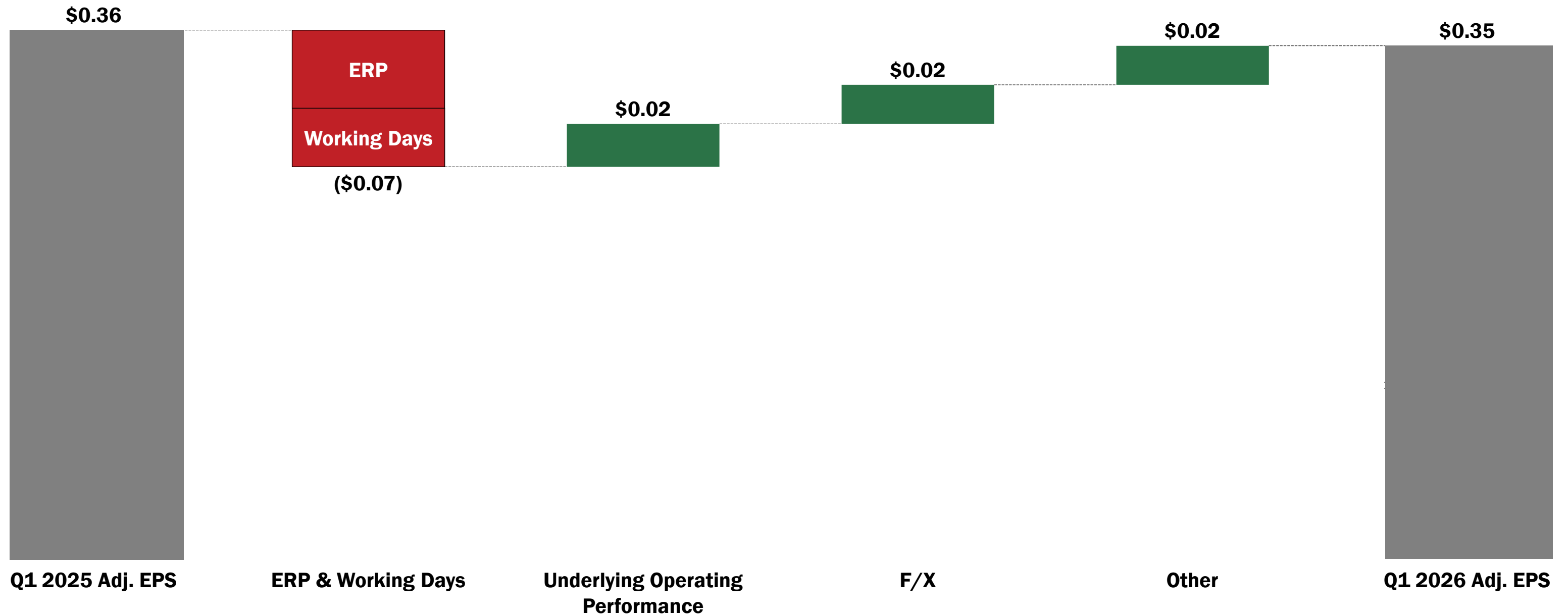


- **Americas:** Fewer working days led to YoY decline in NA
- **EMEA:** ERP implementation affected Q1 performance, as expected
- **APAC:** Growth across most channels including working days impact

OVERALL CORE GROWTH IMPACTED BY FEWER SELLING DAYS; EMEA SOFTNESS EXPECTED DUE TO ERP TRANSITION



Q1 2026 ADJUSTED EPS WALK



ANTICIPATED, MEANINGFUL YOY EARNINGS IMPACT FROM FEWER WORKING DAYS AND ERP TRANSITION



\$9M

Free Cash Flow

LTM free cash flow conversion exceeded 100%

- Strong seasonal operating cash flow generation
- Positive FCF for the quarter

1.9x

Net Leverage

Improved YoY

- YoY net leverage reduction of 0.4x
- Executed ~\$17 million of share repurchases

22.1%

ROIC

Declined ~40 bps YoY

- ERP transition impacted margin and ROIC compared to prior year period
- Incremental investment in business initiatives

ENTERPRISE IS IN A STRONG FINANCIAL POSITION - POSITIONING TO PLAY OFFENSE

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



REITERATING 2026 GUIDANCE



	PRIOR 2026	CURRENT 2026	B/W (Midpoint)
CORE REVENUE GROWTH	+1.0% to +4.0%	+1.0% to +4.0%	No Change
ADJUSTED EBITDA	\$775M – \$835M	\$775M – \$835M	No Change
ADJUSTED EPS	\$1.52 – \$1.68	\$1.52 – \$1.68	No Change
CAPITAL EXPENDITURES	~\$120M	~\$120M	No Change
FREE CASH FLOW CONVERSION	90%+	90%+	No Change

Q2 COMMENTARY

- **Revenues: \$905M - \$945M**
 - At midpoint, core growth estimated to be ~3.5% YoY
- **Adjusted EBITDA Margin**
 - Down 30 bps YoY at the midpoint due to ERP and footprint optimization costs

REITERATING FULL YEAR GUIDANCE



//////
■ Delivered solid results in a transition quarter

- Adjusted EBITDA margin and seasonally-strong free cash flow above expectations
- Europe business operating as expected post ERP “go live”; now focused on system optimization

■ Demand activity continues to improve

- Industrial OEM orders building momentum
- April demand trends remained solid

■ Business is in a strong operating and financial position

- On schedule to deliver anticipated 2H adjusted EBITDA margin improvement
- Expanding capital allocation options – beginning to realize inorganic growth opportunities

WELL POSITIONED TO SUPPORT IMPROVING INDUSTRIAL ACTIVITY AND DRIVE LONG-TERM SHAREHOLDER VALUE





APPENDIX





RECONCILIATIONS – CORE SALES GROWTH

(USD In millions)

Reconciliation of Core Sales Growth

Net sales for the quarter ended March 28, 2026

Impact on net sales of movements in currency rates

Core sales for the quarter ended March 28, 2026

Net sales for the quarter ended March 29, 2025

Increase (decrease) in net sales

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

Net sales increase (decrease)

Core sales decrease

	Power Transmission	Fluid Power	Q1 2026
	\$ 533.2	\$ 317.9	\$ 851.1
	(19.2)	(8.7)	(27.9)
	\$ 514.0	\$ 309.2	\$ 823.2
	527.2	320.4	847.6
	6.0	(2.5)	3.5
	\$ (13.2)	\$ (11.2)	\$ (24.4)
	1.1%	(0.8%)	0.4%
	(2.5%)	(3.5%)	(2.9%)



RECONCILIATIONS – ADJUSTED EBITDA & NET LEVERAGE

(USD in millions)

Reconciliation to Adjusted EBITDA

Net Income from Continuing Operations

Adjusted for:

	Q1 2026	Q1 2025	LTM Q1 2026	LTM Q1 2025
Net Income from Continuing Operations	\$ 66.4	\$ 68.6	\$ 274.9	\$ 242.9
Income tax expense	11.5	25.2	49.4	98.2
Interest expense	30.0	29.6	126.3	147.9
Other expenses (income), excluding foreign currency transaction gain or loss and insurance recoveries ⁽¹⁾	(1.5)	1.3	1.2	(15.0)
Loss on deconsolidation of Russian subsidiary ⁽²⁾	-	-	-	12.8
Depreciation and amortization	55.7	52.2	217.3	214.5
Transaction-related expenses ⁽³⁾	0.5	0.4	0.6	3.3
Asset impairments	-	0.6	2.9	0.6
Restructuring expenses	0.7	1.6	25.4	6.9
Share-based compensation expense	6.3	6.1	27.4	26.3
Inventory adjustments ⁽⁴⁾ (included in cost of sales)	4.0	(1.0)	20.6	7.4
Restructuring related expenses (included in cost of sales)	2.5	1.2	8.2	3.0
Restructuring related expenses (included in SG&A)	1.3	1.5	11.2	4.3
Credit gain related to customer bankruptcy (included in SG&A)	-	-	-	(0.2)
Cybersecurity incident insurance recovery ⁽⁵⁾	-	-	(5.2)	-
Other items not directly related to current operations	-	-	-	(0.1)
Adjusted EBITDA	\$ 177.4	\$ 187.3	\$ 760.2	\$ 752.8

(1) Other expenses (income) excludes foreign currency transaction losses of \$3.5 million for the three months ended March 28, 2026 and \$1.1 million for the three months ended March 29, 2026, respectively.

(2) 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

(3) Transaction-related expenses relate primarily to advisory fees and other costs recognized in respect of major corporate transactions, including the acquisition of businesses, and equity and debt transactions.

(4) Inventory adjustments include the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out ("LIFO") basis.

(5) In July 2025, we received insurance recoveries related to a previously disclosed cybersecurity incident that occurred in February 2023 for which we previously excluded \$5.2 million of expenses from Adjusted EBITDA.

Adjusted EBITDA margin

Net Sales	\$ 851.1	\$ 847.6	\$ 3,446.7	\$ 3,393.2
Adjusted EBITDA	\$ 177.4	\$ 187.3	\$ 760.2	\$ 752.8
Adjusted EBITDA margin	20.8%	22.1%	22.1%	22.2%

Reconciliation to Net Leverage

Total principal amount of debt			\$ 2,240.1	\$ 2,358.8
Less: Cash and cash equivalents			(812.1)	(640.2)
Net Debt			\$ 1,428.0	\$ 1,718.6
Net Leverage (Net Debt divided by LTM Adjusted EBITDA)			1.9 x	2.3 x
Net Leverage Change YoY			(.4 x)	



RECONCILIATIONS – SEGMENT ADJUSTED EBITDA

(USD in millions)

Reconciliation to Adjusted EBITDA Margin

	Q1 2026	Q1 2025	Change
Power Transmission Net Sales	\$ 533.2	\$ 527.2	\$ 6.0
Power Transmission Adjusted EBITDA	\$ 112.0	\$ 116.7	\$ (4.7)
Adjusted EBITDA Margin	21.0%	22.1%	-110 bps
Fluid Power Net Sales	\$ 317.9	\$ 320.4	\$ (2.5)
Fluid Power Adjusted EBITDA	\$ 65.4	\$ 70.6	\$ (5.2)
Adjusted EBITDA Margin	20.6%	22.0%	-140 bps
Total Net Sales	\$ 851.1	\$ 847.6	\$ 3.5
Total Adjusted EBITDA	\$ 177.4	\$ 187.3	\$ (9.9)
Adjusted EBITDA Margin	20.8%	22.1%	-130 bps
Net Income From Continuing Operations	\$ 66.4	\$ 68.6	\$ (2.2)
Net Income From Continuing Operations Margin	7.8%	8.1%	-30 bps



RECONCILIATIONS – ADJUSTED NET INCOME

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

Reconciliation to Adjusted Net Income

Net Income Attributable to Shareholders

Adjusted for:

	Q1 2026	Q1 2025	LTM Q1 2026	LTM Q1 2025
Net Income Attributable to Shareholders	\$ 59.7	\$ 62.0	\$ 249.1	\$ 216.9
Loss on the disposal of discontinued operations	0.2	0.3	0.7	0.8
Loss on deconsolidation of Russian subsidiary ⁽¹⁾	-	-	-	12.7
Amortization of intangible assets arising from the 2014 acquisition of Gates	29.3	28.3	116.8	114.7
Transaction-related expenses ⁽²⁾	0.5	0.4	0.6	3.3
Asset impairments	-	0.6	2.9	0.6
Restructuring expenses	0.7	1.6	25.4	6.9
Restructuring related expenses (included in cost of sales)	2.5	1.2	8.2	3.0
Restructuring related expenses (included in SG&A)	1.3	1.5	11.2	4.3
Share-based compensation expense	6.3	6.1	27.4	26.3
Inventory adjustments ⁽³⁾ (included in cost of sales)	4.0	(1.0)	20.6	7.4
Adjustments relating to post-retirement benefits	5.4	0.4	6.3	(1.5)
Financing and other FX related (gains) losses	(4.6)	3.2	4.6	(5.3)
Cybersecurity incident insurance recovery ⁽⁴⁾	-	-	(5.2)	-
Loss on extinguishment of debt ⁽⁵⁾	-	-	-	14.8
Credit gain related to customer bankruptcy (included in SG&A)	-	-	-	(0.2)
Discrete tax items ⁽⁶⁾	(6.3)	0.1	(25.3)	11.8
Other adjustments	(1.4)	(1.3)	(5.3)	(6.5)
Estimated tax effect of the above adjustments	(8.9)	(9.5)	(48.3)	(40.2)
Adjusted Net Income	\$ 88.7	\$ 93.9	\$ 389.7	\$ 369.8
Diluted weighted average number of shares outstanding	256,872,424	261,567,906		
GAAP Net Income per diluted share	\$ 0.23	\$ 0.24		
Adjusted Net Income per diluted share	\$ 0.35	\$ 0.36		
YoY Adjusted Net Income per diluted share	-2.8%			

Note: Referenced footnotes continue on the following page



RECONCILIATIONS – ADJUSTED NET INCOME (CONT.)

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- (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) Transaction-related expenses relate primarily to advisory fees and other costs recognized in respect of major corporate transactions, including the acquisition of businesses, and equity and debt transactions.
- (3) Inventory adjustments include the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out ("LIFO") basis.
- (4) In July 2025, we received insurance recoveries related to a previously disclosed cybersecurity incident that occurred in February 2023 for which we previously excluded \$5.2 million of expenses from Adjusted Net Income.
- (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) Discrete tax items include changes in uncertain tax positions relating to prior years, changes in tax laws or rates, changes in valuation allowances, excess tax benefits on stock option exercises, and prior year adjustments in various foreign jurisdictions in which returns were filed.



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

	Q1 2026	Q1 2025	LTM Q1 2026	LTM Q1 2025
\$	30.2	\$ 7.3	\$ 501.0	\$ 407.9
	(21.5)	(26.2)	(109.2)	(114.8)
\$	8.7	\$ (18.9)	\$ 391.8	\$ 293.1

(USD In millions)

Reconciliation of Free Cash Flow Conversion

Free Cash Flow
 Adjusted Net Income
Free Cash Flow Conversion

	Q1 2026	Q1 2025	LTM Q1 2026	LTM Q1 2025
\$	8.7	\$ (18.9)	\$ 391.8	\$ 293.1
\$	88.7	\$ 93.9	\$ 389.7	\$ 369.8
	9.8%	(20.1%)	100.5%	79.3%

30 bps

21 bps

YoY Free Cash Flow Conversion Increase

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



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

Change YoY

	LTM Q1 2026	LTM Q1 2025
	\$ 760.2	\$ 752.8
	(217.3)	(214.5)
	116.8	114.7
	659.7	653.0
	(165.0)	(163.3)
	\$ 494.7	\$ 489.7
	\$ 7,115.0	\$ 6,885.8
	(785.3)	(640.2)
	(39.0)	(55.2)
	(636.3)	(570.9)
	(20.7)	(15.5)
	(396.9)	(417.0)
	(2,996.4)	(3,015.0)
	\$ 2,240.4	\$ 2,172.0
	22.1%	22.5%
	-40 bps	



RECONCILIATIONS – ADJUSTED GROSS PROFIT

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

Reconciliation to Adjusted Gross Profit

	Q1 2026	Q1 2025	LTM Q1 2026	LTM Q1 2025
Net Sales	\$ 851.1	\$ 847.6	\$ 3,446.7	\$ 3,393.2
Cost of sales	513.1	503.0	2,081.6	2,020.1
Gross Profit	<u>\$ 338.0</u>	<u>\$ 344.6</u>	<u>\$ 1,365.1</u>	<u>\$ 1,373.1</u>
<i>Adjusted for:</i>				
Inventory adjustments ⁽¹⁾ (included in cost of sales)	4.0	(1.0)	20.6	7.4
Restructuring related expenses (included in cost of sales)	2.5	1.2	8.2	3.0
Adjusted Gross Profit	<u>\$ 344.5</u>	<u>\$ 344.8</u>	<u>\$ 1,393.9</u>	<u>\$ 1,383.5</u>
Gross Profit margin	39.7%	40.7%	39.6%	40.5%
Adjusted Gross Profit margin	40.5%	40.7%	40.4%	40.8%

⁽¹⁾ Inventory adjustments includes the reversal of the adjustment to remeasure certain inventories on a LIFO basis.