

GATES OVERVIEW

NOVEMBER 11, 2020

GATES INDUSTRIAL CORPORATION

IVO JUREK
CEO

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This presentation contains 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 its resiliency, future growth opportunities (including geographic and portfolio expansion), available manufacturing capacity, market positioning, capital deployment (including capital expenditures, deleveraging, potential M&A, and investment in organic growth), product innovation, restructuring actions, anticipated incrementals, generation of free cash flow and liquidity. Such forward-looking statements are subject to various risks and uncertainties, including, among others, the uncertainties relating to the impact of the COVID-19 pandemic and associated governmental measures on the company's business, operations, employees, financial condition and results of operations, risks inherent to the manufacturing industry, macroeconomic factors beyond the Company's control, continued operation of our manufacturing facilities, our ability to forecast and meet demand, market acceptance of new products, and the significant influence of the Company's majority shareholders, investment funds affiliated with The Blackstone Group 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 28, 2019, filed with the Securities and Exchange Commission ("SEC") as supplemented by the risks and uncertainties set forth in the Company's Quarterly Report on Form 10-Q for the quarter ended March 28, 2020, as such factors may be further 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

Some comparisons refer to certain non-GAAP measures. Our earnings releases and SEC filings contain additional information about these non-GAAP measures, why we use them and why we believe they are helpful to investors, and contain certain reconciliations to the most directly comparable financial measures prepared in accordance with GAAP.

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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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LEADING PROVIDER OF MISSION-CRITICAL POWER TRANSMISSION AND FLUID POWER SOLUTIONS



- RESILIENT BUSINESS MODEL DRIVEN BY MISSION-CRITICAL, REPLACEMENT PRODUCTS
- GLOBAL LEADER WITH SIGNIFICANT CORE MARKET OPPORTUNITY
- REVITALIZATION OF BROAD PRODUCT PORTFOLIO WELL UNDERWAY
- LARGE GROWTH INVESTMENT BEHIND US – NEW CAPACITY IN PLACE
- ATTRACTIVE FINANCIAL PROFILE WITH SUBSTANTIAL FREE CASH FLOW GENERATION

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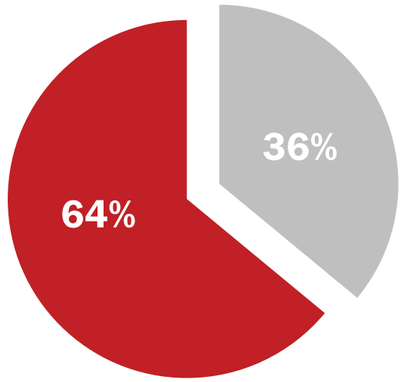
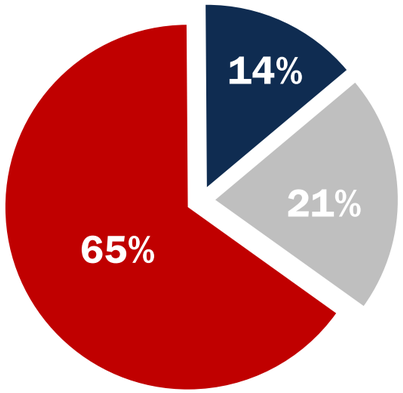
GATES OPERATES A DIVERSIFIED BUSINESS WITH STRONG REPLACEMENT MARKET MIX

Q3 2020 LTM NET SALES – $2.7B:

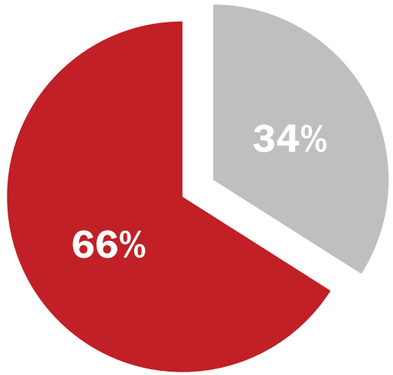
BY PRODUCT CATEGORY



BY CHANNEL



BY GEOGRAPHY

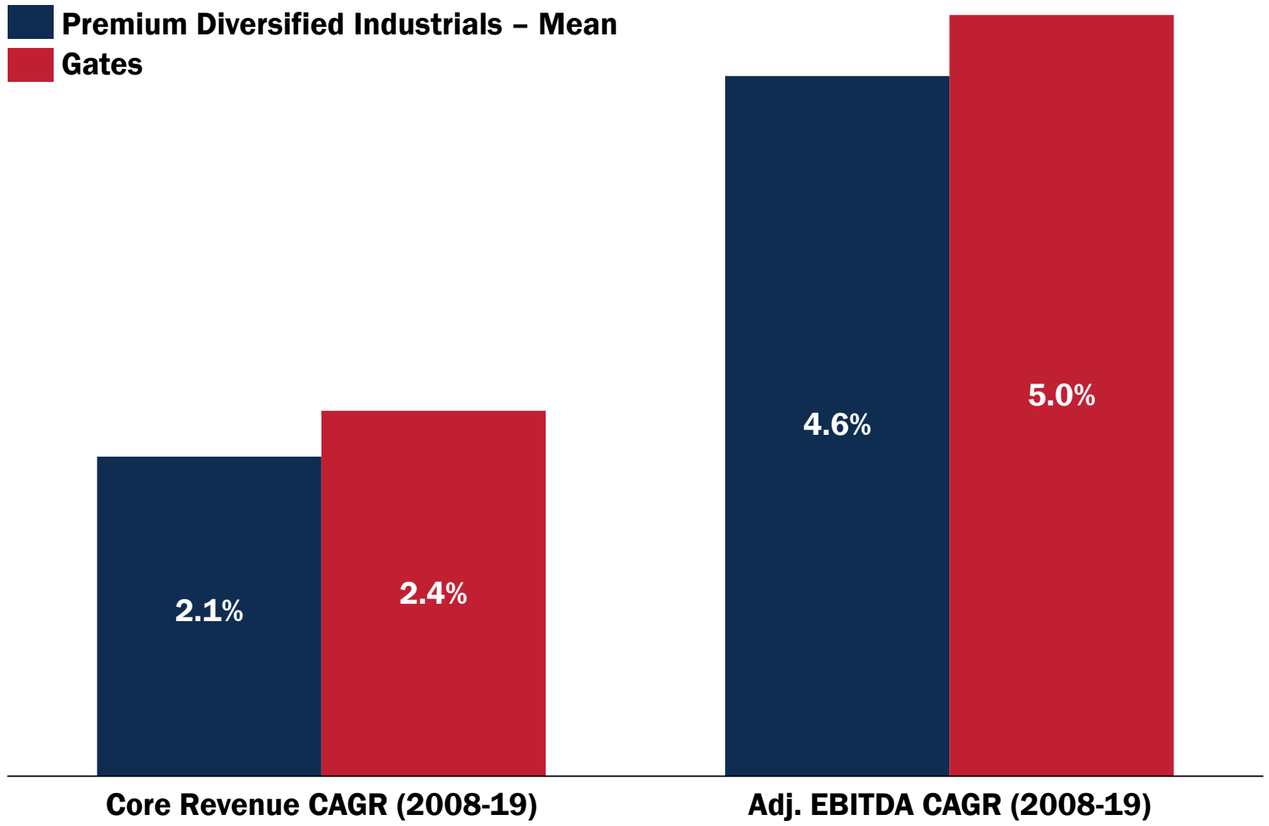


BUSINESS MIX ATTRIBUTES:

- High-quality growth with attractive margins
- Large and growing installed base of equipment
- Premium brand across channels
- Nascent replacement channels continuing to develop
- Natural replacement cycles drive recurring revenue
- Competitive differentiation creates customer stickiness
- Resiliency throughout the cycle
- Selective first-fit participation where we can differentiate with technology

GATES HAS A RESILIENT BUSINESS MODEL DRIVEN BY DIFFERENTIATED PRODUCTS WITH NATURAL REPLACEMENT CYCLES

GATES VS. PREMIUM DIVERSIFIED INDUSTRIALS



- **Gates' performance compares favorably against a group of premium diversified industrials**
  - Similar core growth standard deviation
  - Adjusted EBITDA growth includes M&A
- **Resilient business with mission-critical products**
- **Additional runway for growth**
  - Increasing new product vitality
  - Large, focused organic growth initiatives
- **New, more efficient capacity in place**
- **Positioned well to exit current downturn and deliver elevated incrementals as we return to growth**

(1) Core revenue growth excludes impact of currency exchange rates and the first 12 months of acquisitions/divestitures.
(2) Adjusted EBITDA may be defined differently during the historical period by Gates and companies within the premium diversified industrial group.
(3) Calendar-year core growth and Adj. EBITDA used for EMR, ETN, GDI, GGG, IEX, ITW, MMM, PH and ROK; LTM period ended January used for DCI and NDSN.
(4) Premium diversified industrial data based on information in publicly available company filings and presentations, including data aggregated by third-party source FactSet.

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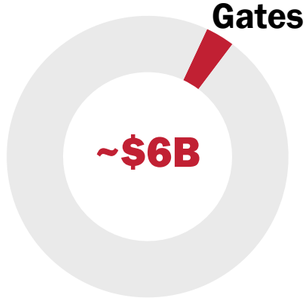
GROWTH OPPORTUNITIES – POWER TRANSMISSION

CHAIN-TO-BELT

INDUSTRIAL CHAIN-TO-BELT

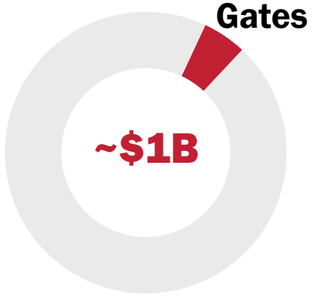


- Diversified end markets
- Opportunity to convert large installed base of drives powered by chain



- ***Recent Win:*** **Major US airport baggage conveying system / HVAC**
- ***Value Prop:*** **Belts significantly reduced energy and maintenance costs**

PERSONAL MOBILITY

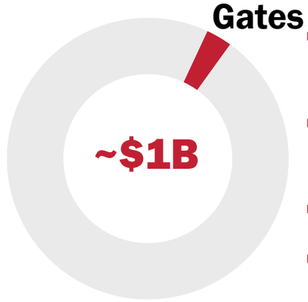


- Bicycles
- Scooters
- Motorcycles
- Market experiencing accelerated trend of electrification



- ***Recent Win:*** **Commuter e-bikes at major European manufacturer**
- ***Value Prop:*** **Belts offered longer life, no maintenance and quiet operation**

PRECISION MOTION CONTROL



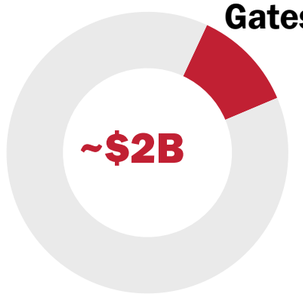
- Warehousing & logistics
- Robotics & industrial automation
- Food processing
- E-commerce



- ***Recent Win:*** **Material handling & logistics systems OE in Japan**
- ***Value Prop:*** **TPU belts offered maintenance-free precision operation**

BELT-TO-BELT

INDUSTRIAL BELT-TO-BELT



- New products improve competitive positioning
- Conversion opportunities within large installed base



- ***Recent Win:*** **Rice harvester application at major OE in China**
- ***Value Prop:*** **Gates V-belts are critical to ensuring high-cost machine uptime**

LINK TO LEARN MORE: UNCHAIN YOUR OPERATIONS

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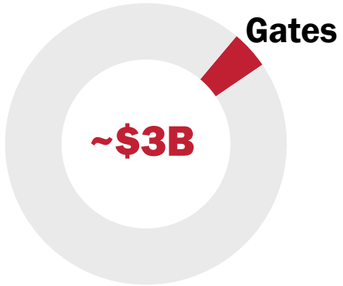
GROWTH OPPORTUNITIES – FLUID POWER

GEOGRAPHIC EXPANSION

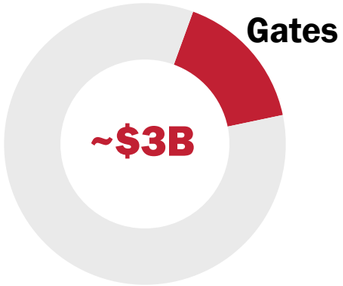


- Accelerating penetration in large international core markets
- Fragmented emerging markets provide opportunity



- *Recent Win:* Construction application at major OE in Europe
- *Value Prop:* Gates MXT™ hydraulic hose durability and performance enabled new customer win

EXTEND PREMIUM PERFORMANCE

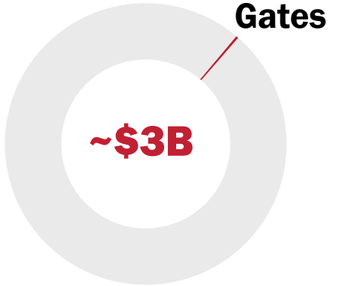


- Innovative new products driving differentiated competitive position
- Serving diverse end markets with premium performance products



- *Recent Win:* High-power wind turbine application at major OE in Europe
- *Value Prop:* Gates Megasys with XtraTuff™ operates in extreme operating conditions where uptime is key

BROADEN APPLICATION COVERAGE



- Enhanced innovation capabilities enabling broadened product portfolio to increase addressable market
- Large opportunity in stationary hydraulics



- *Recent Win:* Injection molding OE application at major OE in India
- *Value Prop:* Gates MXT™ and MXG™ hydraulic hoses are easier to route into tight spaces in machines – a common requirement on stationary applications

SIGNIFICANT RUNWAY TO EXPAND SHARE IN UNDERPENETRATED REGIONS AND EXTEND PRODUCT PORTFOLIO TO COVER BROADER APPLICATION REQUIREMENTS

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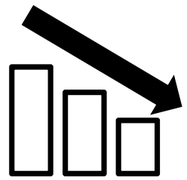
DISCIPLINED CAPITAL DEPLOYMENT

DELEVERAGING



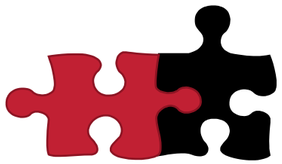
- Achieve net leverage of < 3.0x
- Strong liquidity & cash generation enabling debt reduction

ORGANIC GROWTH



- Continued investment in long-term growth
- Prioritize capital projects with high return on invested capital

M&A



- Utilize M&A to accelerate organic strategies
- Focus on transactions with high value creation

(1) Net leverage defined as principal value of debt, less cash, divided by LTM Adjusted EBITDA

BALANCING DEBT REDUCTION WHILE INVESTING FOR LONG-TERM GROWTH

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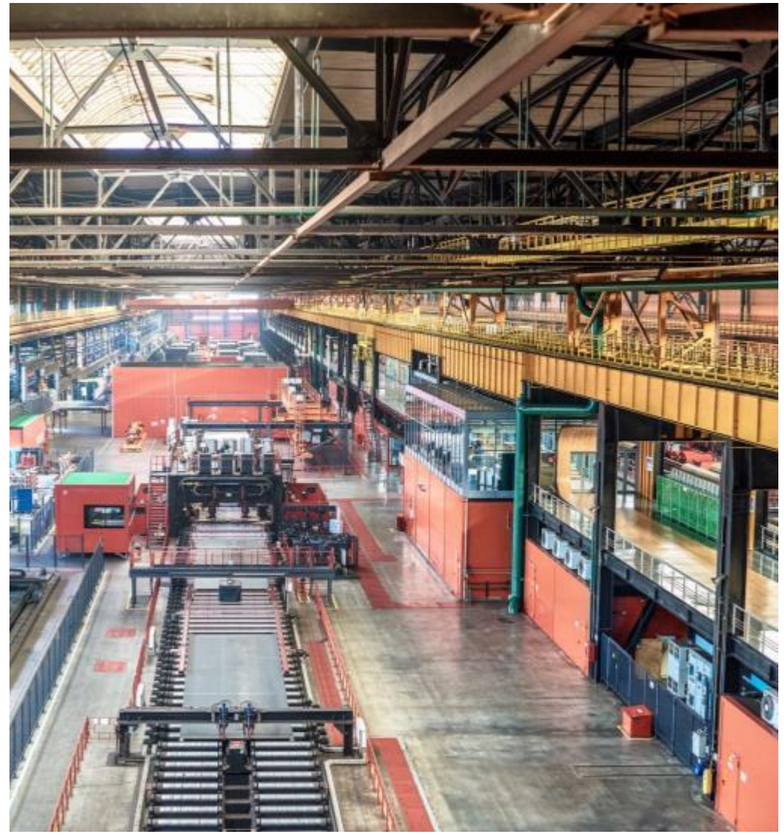
INVESTMENT HIGHLIGHTS

- **WE HAVE A REVITALIZED PRODUCT PORTFOLIO AND MANUFACTURING CAPACITY IN THE RIGHT LOCATIONS TO SUPPORT FUTURE GROWTH INITIATIVES**
- **WE HAVE ADJUSTED OUR COST STRUCTURE THROUGH RESTRUCTURING ACTIONS AND EXPECT STRONG INCREMENTALS AS WE RETURN TO GROWTH**
- **WE GENERATE A SUBSTANTIAL AMOUNT OF FREE CASH FLOW THROUGH THE CYCLE**
- **WE ARE WELL POSITIONED TO CAPITALIZE ON THE RECOVERY**



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