

Discussion of Non-GAAP Measures

Non-GAAP EBITDA is calculated using net income that excludes interest expense (net), provision for income taxes, depreciation expense and amortization expense. Non-GAAP Adjusted EBITDA and non-GAAP Further Adjusted Pro Forma EBITDA is calculated using net income that excludes interest expense (net), provision for income taxes, depreciation expense, amortization expense, acquisition related costs, restructuring costs and other income or charges that management does not consider to be directly related to Altra's core operating performance. Non-GAAP free cash flow is calculated by deducting purchases of property, plant and equipment net cash provided by operating activities. Altra believes that the presentation of non-GAAP EBITDA, non-GAAP Adjusted EBITDA, non-GAAP Further Adjusted Pro Forma EBITDA and non-GAAP free cash flow provides important supplemental information to management and investors regarding financial and business trends relating to Altra's financial condition and results of operations.

Non-GAAP Adjusted EBITDA Reconciliation

	<u>Q1 2018</u>	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>LTM</u>
Net Income	\$9.0	\$19.0	\$12.3	(\$4.9)	\$35.3
Asset Impairment and Other, Net	-	0.3	0.2	(0.2)	0.3
Taxes	3.9	7.3	5.8	(0.6)	16.4
Interest Expense, net	1.8	2.1	2.0	22.7	28.6
Depreciation Expense	6.9	6.9	6.9	14.1	34.8
Amortization Expense	2.5	2.4	2.4	17.9	25.2
Loss on write off of deferred financing costs	-	-	-	1.2	1.2
Acquisition related expenses	5.4	1.8	4.6	24.3	36.2
Loss on partial settlement of pension plans	5.1	-	-	-	5.1
Stock Compensation Expense	1.3	1.4	1.1	4.3	8.1
Amortization of fair value of inventory	-	-	-	14.2	14.2
Supplier warranty settlement	-	(2.0)	-	-	(2.0)
Restructuring and consolidation expense	0.9	0.6	0.6	2.3	4.4
Non-GAAP Adjusted EBITDA	<u>\$36.8</u>	<u>\$39.8</u>	<u>\$35.9</u>	<u>\$95.3</u>	<u>\$208.0</u>
Estimated A&S Non-GAAP Adjusted EBITDA *					<u>\$197.7</u>
Proforma Combined Non-GAAP Adjusted EBITDA					<u><u>\$405.7</u></u>

* Based upon management's estimate of A&S's financial results for the last nine months. A&S's actual historical results have not yet been subject to an audit and cannot be verified at this point in time. Moreover, the non-GAAP adjusted EBITDA of A&S cannot be reconciled to actual results because no such results are yet available to management. Nonetheless, management believes that an estimate of A&S's Non-GAAP adjusted EBITDA is important to the Company's investors because it provides an estimated indication of the Company's potential ability to service debt and incur additional leverage, if any.

Net Income to Adjusted EBITDA | (US\$ in millions)

Altra Net Income to Adjusted EBITDA (US\$ in millions)	Year Ended December 31, 2017
Net Income	\$ 51.4
Interest Expense, Net	7.7
Provision for Income Taxes	19.7
Depreciation Expense	26.5
Amortization Expense	9.5
EBITDA	\$ 114.8
Asset Impairment and Other, Net	1.1
Loss on Write-off of Deferred Financing and Extinguishment of Convertible Debt	1.8
Acquisition Related Expenses	2.2
Loss on Partial Settlement of Pension Plans	1.7
Amortization of Inventory Fair Value Adjustment	2.3
Stock Compensation Expense	5.3
Supplier Warranty Settlement	-
Restructuring and Consolidation Expense	4.1
Warranty Provision Related to Svendborg Acquisition	-
Legal Fees Associated with Pursuit of Unfair Trade Remedy	-
Adjusted EBITDA	\$ 133.3

Fortive A&S Net Income to Adjusted EBITDA (US \$ millions)	Year Ended December 31, 2017
Net Earnings	\$ 151.7
Interest Expense, Net	0.5
Provision/(Benefit) for Income Taxes	41.0
Depreciation and Amortization Expenses	15.8
EBITDA	\$ 209.0
Stock Compensation Expense	4.4
Corporate Allocations	17.4
Additional Operational Costs to Altra	(2.5)
Adjusted EBITDA	\$ 228.3



Reconciliation to Further Adjusted Pro Forma EBITDA and Free Cash Flow | (US\$ in millions)

	Year Ended December 31,
Reconciliation to Further Adjusted Pro Forma EBITDA	
	2017
Net Income	\$ 78.8
Interest Expense, Net	91.8
Provision for Income Taxes	23.5
Depreciation Amortization Expenses	120.3
Pro Forma EBITDA	\$ 314.4
Asset Impairment and Other, Net	1.1
Loss on Write-off of Deferred Financing and Extinguishment of Convertible Debt	1.8
Acquisition Related Expenses	2.2
Loss on Partial Settlement of Pension Plans	1.7
Amortization of Inventory Fair Value Adjustment	11.2
Stock Compensation Expense	10.2
Supplier Warranty Settlement	0.0
Restructuring and Consolidation Expense	4.1
Corporate Allocations	17.4
Additional Operational Costs	(2.5)
Adjusted Pro Forma EBITDA	\$ 361.6
Expected Cost Savings	
Further Adjusted Pro Forma EBITDA	
	Year Ended December 31,
Reconciliation to Free Cash Flow	
	2017
Altra Net cash provided by operating activities	\$ 80.6
Altra Purchase of property, plant and equipment	(32.8)
Altra Free Cash Flow	47.8
Fortive A&S Net cash provided by operating activities	171.5
Fortive A&S Purchase of property, plant and equipment	(25.0)
Fortive A&S Free Cash Flow	146.5
Pro Forma Free Cash Flow	\$ 194.3