

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.

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

	<u>Year Ended December 31,</u> 2017	<u>LTM</u> 30-Jun-2018
Net Income	\$ 51.4	\$ 53.7
Interest Expense, Net	7.7	7.9
Provision for Income Taxes	19.7	20.7
Depreciation Expense	26.5	27.4
Amortization Expense	9.5	9.7
EBITDA	\$ 114.8	\$ 119.4
Asset Impairment and Other, Net	1.1	1.4
Loss on Write-off of Deferred Financing and Extinguishment of Convertible Debt	1.8	-
Acquisition Related Expenses	2.2	7.8
Loss on Partial Settlement of Pension Plans	1.7	6.8
Amortization of Inventory Fair Value Adjustment	2.3	-
Stock Compensation Expense	5.3	4.8
Supplier Warranty Settlement	-	(2.0)
Restructuring and Consolidation Expense	4.1	2.5
Warranty Provision Related to Svendborg Acquisition	-	-
Legal Fees Associated with Pursuit of Unfair Trade Remedy	-	-
Adjusted EBITDA	\$ 133.3	\$ 140.7

Source: Company filings

Fortive A&S Net Income to Adjusted EBITDA (US\$ in millions)

	<u>Year Ended December 31,</u> 2017	<u>LTM</u> 29-Jun-2018
Net Earnings	\$ 151.7	\$ 174.0
Interest Expense, Net	0.5	0.6
Provision/(Benefit) for Income Taxes	41.0	40.2
Depreciation and Amortization Expenses	15.8	16.0
EBITDA	\$ 209.0	\$ 230.8
Stock Compensation Expense	4.4	4.1
Corporate Allocations	17.4	18.5
Additional Operational Costs to Altra	(2.5)	(2.5)
Adjusted EBITDA	\$ 228.3	\$ 250.9

Source: Company filings

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

	Year Ended December 31,	
	2017	LTM 30-Jun-2018
Reconciliation to Further Adjusted Pro Forma EBITDA		
Net Income	\$ 78.8	\$ 98.9
Interest Expense, Net	91.8	91.9
Provision for Income Taxes	23.5	27.9
Depreciation Amortization Expenses	120.3	121.5
Pro Forma EBITDA	\$ 314.4	\$ 340.2
Asset Impairment and Other, Net	1.1	1.4
Loss on Write-off of Deferred Financing and Extinguishment of Convertible Debt	1.8	-
Acquisition Related Expenses	2.2	7.8
Loss on Partial Settlement of Pension Plans	1.7	6.8
Amortization of Inventory Fair Value Adjustment	11.2	8.9
Stock Compensation Expense	10.2	10.0
Supplier Warranty Settlement	0.0	(2.0)
Restructuring and Consolidation Expense	4.1	2.5
Corporate Allocations	17.4	18.5
Additional Operational Costs	(2.5)	(2.5)
Adjusted Pro Forma EBITDA	\$ 361.6	\$ 391.6
Expected Cost Savings		22.9
Further Adjusted Pro Forma EBITDA		\$ 414.5
	Year Ended December 31,	
	2017	LTM 30-Jun-2018
Reconciliation to Free Cash Flow		
Altra Net cash provided by operating activities	\$ 80.6	\$ 83.7
Altra Purchase of property, plant and equipment	(32.8)	(33.3)
Altra Free Cash Flow	47.8	50.4
Fortive A&S Net cash provided by operating activities	171.5	193.2
Fortive A&S Purchase of property, plant and equipment	(25.0)	(24.8)
Fortive A&S Free Cash Flow	146.5	168.4
Pro Forma Free Cash Flow	\$ 194.3	\$ 218.8

Source: Company filings

Pro Forma Net Sales, Net Income, Net Cash Provided by Operating Activities

	2017	LTM 30-Jun-2018
Net Sales		
Altra	\$ 877	\$ 916
Fortive A&S	907	964
Pro Forma	\$ 1,784	\$ 1,880
<i>% Uplift vs. Altra Standalone</i>	103.5 %	105.3 %
Net Income		
Altra	\$ 51	\$ 54
<i>% Margin</i>	5.9 %	5.9 %
Fortive A&S	\$ 152	\$ 174
<i>% Margin</i>	16.7 %	18.0 %
Pro Forma	\$ 79	\$ 99
<i>% Margin</i>	4.4 %	5.3 %
<i>% Uplift vs. Altra Standalone</i>	53.3 %	84.2 %
Net Cash Provided by Operating Activities		
Altra	\$ 48	\$ 50
Fortive A&S	147	168
Pro Forma	\$ 194	\$ 219
<i>% Uplift vs. Altra Standalone</i>	306.5 %	334.1 %

Source: Company filings and press releases

