



NEWS RELEASE

Altra Reports Third-Quarter 2020 Results

10/23/2020

Q3 Financial Performance Exceeds Sales and Profitability Expectations

Reduces Debt by \$60 Million on Strong Operating Cash Flow

Increases Quarterly Dividend by 50%

Raises 2020 Guidance

BRAINTREE, Mass., Oct. 23, 2020 (GLOBE NEWSWIRE) -- Altra Industrial Motion Corp. (Nasdaq: AIMC) ("Altra" or the "Company"), a leading global manufacturer and supplier of motion control, power transmission and automation products, today announced unaudited financial results for the third-quarter ended September 30, 2020.

Q 3 Financial Highlights

- Third quarter 2020 net sales were \$437.8 million, down 1.2% compared with \$442.9 million in the third quarter of 2019. Power Transmission Technologies (PTT) segment sales were down 9.6% and Automation & Specialty (A&S) segment sales were up 7.1% compared with the prior year.
- For the third quarter of 2020, the Company reported net income of \$38.3 million, or \$0.59 per diluted share, compared with net income of \$25.7 million, or \$0.40 per diluted share, in the third quarter of 2019.
- Non-GAAP Net Income in the third quarter of 2020 was \$56.5 million, or \$0.87 per diluted share. This is compared with Non-GAAP Net Income of \$44.3 million, or \$0.69 per diluted share, in the third quarter of 2019.*

- Non-GAAP Adjusted EBITDA in the third quarter of 2020 was \$101.8 million, or 23.3% of net sales, compared with \$89.0 million, or 20.1% of net sales, in the third quarter of 2019.*
- Operating income margin in the third quarter of 2020 was 14.9%, compared with operating income margin of 11% in the third quarter of 2019. Non-GAAP operating income margin in the third quarter of 2020 was 19.6%, compared with 16.5% in the third quarter of 2019.*
- Cash flow from operations for the year to date period ended September 30, 2020 was \$161.8 million, compared with cash flow from operations of \$180.4 million for the same year to date period in the prior year. Non-GAAP Free Cash Flow for the year to date period ended September 30, 2020 was \$137.5 million, compared with Non-GAAP Free Cash Flow of \$143.5 million for the same year to date period in the prior year. Non-GAAP Adjusted Free Cash Flow, which excludes the impact of the interest rate swap termination payment, was \$172.2 million and \$143.5 million for the year to date periods ended September 30, 2020 and 2019, respectively.*
- Paid down \$60.0 million on the Company's outstanding term loan in the third quarter of 2020. At the end of the third quarter, Altra's cash balance and availability under the revolving credit facility were \$238.7 million and \$294.8 million, respectively.*

Management Comments

"We turned in another excellent quarter as we capitalized on greater-than-expected demand strength, leveraged our market leadership to outperform in several businesses and drove significant improvements to the bottom line," said Carl Christenson, Altra's Chairman and Chief Executive Officer. "All of our operating businesses exceeded expectations, with demand especially strong for Class 8 trucks in China, and in the medical and renewable energy markets. Our aggressive cost-reduction actions led to excellent margin performance, strong cash flow generation and effective debt reduction. I continue to be amazed by the resilience and dedication of our team as they maintained safe workplaces across the organization, delivered innovative products to customers, and focused on future growth opportunities, all while delivering these excellent results.

"We recently passed the two-year anniversary of Altra's transformative merger with four of Fortive Corporation's Automation and Specialty (A&S) businesses and we are delighted by the success of our integration from both a cultural and business standpoint. The broad diversity of our end markets as a result of the merger has clearly helped mitigate the financial impact of the current economic environment. Now, we are executing on our strategic plans to drive organic growth across our end markets, capitalizing on our enhanced cash-generative business model and we are enthusiastic about the increasing pipeline of opportunities from cross-selling activities.

"We are confident about our future as we close out 2020, and have raised our annual revenue and EPS guidance.

Additionally, as a result of our growing confidence in our end markets and our strong cash flow performance, Altra's Board of Directors approved an increase to the quarterly dividend by 50% to six cents per share. Longer term, we are excited by Altra's growth opportunities and are increasingly confident about Altra's ability to thrive as a premier industrial company for the long term," concluded Christenson.

Business Outlook

Altra is raising its guidance for revenue, GAAP EPS, non-GAAP EPS, non-GAAP Adjusted EBITDA and non-GAAP Adjusted Free Cash Flow. While it is difficult to predict the severity and duration of the pandemic, this guidance is management's best estimate and practical assessment of the financial impact of COVID-19 to the Company's business at this time.

Altra is updating guidance for full year 2020 as follows:

- Full-year 2020 sales in the range of \$1,690 million to \$1,710 million, up from prior guidance of \$1,580 million to \$1,640 million.
- GAAP diluted EPS in the range of a loss of \$0.55 to a loss of \$0.46, compared to prior guidance of a loss of \$1.16 to a loss of \$0.94.
- Non-GAAP diluted EPS in the range of \$2.70 to \$2.82, up from prior guidance of \$2.05 to \$2.30.*
- Non-GAAP adjusted EBITDA in the range of \$355.0 million to \$370.0 million, up from prior guidance of \$305.0 million to \$330.0 million.*
- Tax rate for the full year of approximately 20% to 21% (compared to prior guidance of 21% to 23%) before discrete items, capital expenditures in the range of \$34 million to \$40 million (compared to prior guidance of \$40 to \$45 million), and depreciation and amortization in the range of \$125 million to \$128 million (compared to prior guidance of \$124 to \$127 million).
- Non-GAAP Adjusted Free cash flow in the range of \$210 million to \$225 million, up from prior guidance of \$160 million to \$200 million.*

Reconciliations of Non-GAAP Disclosures

(Amounts in Millions of Dollars , exc ept per share information)

*Reconciliation of Non-GAAP Net Income :

	Quarter Ended September 30,		Year to Date Ended September 30,	
	2020	2019	2020	2019
Net (loss)/income	\$ 38.3	\$ 25.7	\$ (56.7)	) \$ 89.9
Restructuring costs	\$ 2.4	\$ 6.2	\$ 5.5	\$ 11.7
Acquisition related stock compensation expense	0.4	0.7	1.4	2.6
Acquisition related amortization expense	17.5	17.5	52.3	52.9
Acquisition related expenses	—	—	—	0.7
Automation and Specialty acquisition purchase price adjustment	(0.8)	) —	(0.8)) —
Non-cash amortization of interest rate swap expense	3.4	—	5.6	—
Impairment of intangible assets - trademarks	—	—	8.4	—
Cross currency interest rate swap settlement fee	—	—	0.9	—
Tax impact of above adjustments	(4.7)	) (5.8)	) (15.6)	) (16.2)
2019 tax benefit due to income tax rate change	—	—	(2.8)) —
Impairment of intangible assets - goodwill	—	—	139.1	—
Non-GAAP net income*	\$ 56.5	\$ 44.3	\$ 137.3	\$ 141.6
Non-GAAP diluted earnings per share*	\$ 0.87	\$ 0.69	\$ 2.12	\$ 2.20

*Reconciliation of Non-GAAP Free Cash Flow and Non-GAAP Adjusted Free Cash Flow

	Quarter Ended September 30,		Year to Date Ended September 30,	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Net cash flows from operating activities	\$ 88.1	\$ 84.3	\$ 161.8	\$ 180.4
Purchase of property, plant and equipment	\$ (7.0)	) \$ (12.8)	) (24.3)	) \$ (36.9)
Non-GAAP Free cash flow*	\$ 81.1	\$ 71.5	\$ 137.5	\$ 143.5
Payment for interest rate swap settlement	—	—	34.7	—
Non-GAAP Adjusted free cash flow*	\$ 81.1	\$ 71.5	\$ 172.2	\$ 143.5

*Reconciliation of Net Debt

	September 30, 2020	December 31, 2019
Debt	\$ 1,512.7	\$ 1,604.0
Cash	(238.7)	(167.3)
Net debt*	\$ 1,274.0	\$ 1,436.7

*Reconciliation of Non-GAAP Income From Operations :

	Quarter Ended September 30,		Year to Date Ended September 30,	
	2020	2019	2020	2019
(Loss)/Income from operations	\$ 65.4	\$ 48.5	\$ 19.5	\$ 172.0
Income from operations as a percent of net sales	14.9 %	11.0 %	1.5 %	12.4 %
Restructuring costs	\$ 2.4	\$ 6.2	\$ 5.5	\$ 11.7
Acquisition related stock compensation expense	0.4	0.7	1.4	2.6
Acquisition related amortization expense	17.5	17.5	52.3	52.9
Impairment of goodwill and intangible asset	—	—	147.5	—
Acquisition related expenses	—	—	—	0.7
Non-GAAP income from operations*	\$ 85.7	\$ 72.9	\$ 226.2	\$ 239.9
Non-GAAP Income from operations as a percent of net sales	19.6 %	16.5 %	17.8 %	17.2 %

*Reconciliation of GAAP to Non-GAAP Operating Income and Operating Income Margin

Selected Statement of Income Data

	Quarter Ended September 30, 2020			Quarter Ended September 30, 2019			
	GAAP Operating Income	Adjustments	Non-GAAP Operating Income*	GAAP Operating Income	Adjustments	Non-GAAP Operating Income*	
Net sales	\$ 437.8	\$ —	\$ 437.8	\$ 442.9	\$ —	\$ 442.9	
Cost of sales	273.7	—	273.7	285.9	—	285.9	
Gross profit	164.1	—	164.1	157.0	—	157.0	
Operating Expenses							
Selling, general & administrative expenses	82.5	17.9	64.6	87.9	18.2	69.7	
Research and development expenses	13.8	—	13.8	14.4	—	14.4	
Restructuring costs	2.4	2.4	—	6.2	6.2	—	
(Loss)/Income from Operations	\$ 65.4	\$ 20.3	\$ 85.7	\$ 48.5	\$ 24.4	\$ 72.9	
GAAP and Non-GAAP Income from operations as a percent of net sales	14.9	%	19.6	% 11.0	%	16.5	%

	Year to Date Ended September 30, 2020			Year to Date Ended September 30, 2019			
	GAAP Operating Income	Adjustments	Non-GAAP Operating Income*	GAAP Operating Income	Adjustments	Non-GAAP Operating Income*	
Net sales	\$ 1,272.8	\$ —	\$ 1,272.8	\$ 1,392.2	\$ —	\$ 1,392.2	
Cost of sales	812.3	—	812.3	893.3	—	893.3	
Gross profit	460.5	—	460.5	498.9	—	498.9	
Operating Expenses							
Selling, general & administrative expenses	245.4	53.7	191.7	270.8	56.2	214.6	
Impairment of goodwill and intangible asset	147.5	147.5	—	—	—	—	
Research and development expenses	42.6	—	42.6	44.4	—	44.4	
Restructuring costs	5.5	5.5	—	11.7	11.7	—	
Income from Operations	\$ 19.5	\$ 206.7	\$ 226.2	\$ 172.0	\$ 67.9	\$ 239.9	
GAAP and Non-GAAP Income from operations as a percent of net sales	1.5	%	17.8	% 12.4	%	17.2	%

*Reconciliation of Non-GAAP Adjusted EBITDA and Non-GAAP Adjusted EBITDA Margin :

	Quarter Ended September 30,		
	2020	2019	
Net (loss)/income	\$ 38.3	\$ 25.7	
Asset impairment and other, net	(1.1	)	(1.3
Automation and Specialty acquisition purchase price adjustment	(0.8)	—
Tax expense	9.4		5.0
Interest expense	18.0		18.2
Depreciation expense	14.9		14.6
Acquisition related amortization expense	17.5		17.5
Stock compensation expense	3.2		3.1
Restructuring costs	2.4		6.2
Non-GAAP adjusted EBITDA	\$ 101.8		\$ 89.0
Non-GAAP adjusted EBITDA as a percent of net sales	23.3	%	20.1

* Reconciliation of 2020 Non-GAAP Net Income Guidance and Non-GAAP Diluted EPS Guidance :

	Projected Fiscal Year 2020	Projected Fiscal Year 2020
Net (loss) and diluted earnings per share	Net Income (\$35.9 - \$29.6)	Diluted EPS (\$0.55 - \$0.46)
Restructuring costs	6.1 - 8.1	
Cross currency interest rate swap settlement fee	0.9	
Automation and Specialty acquisition purchase price adjustment	(0.8)	
Acquisition related stock compensation expense	1.8	
Acquisition related amortization expense	69.4 - 70.2	
Impairment of intangibles assets - trademarks	8.4	
Non-cash amortization of interest rate swap expense	9.0	
Tax impact of above adjustments (1) (2)	(19.9 - 21.4)	
Impairment of intangible assets - goodwill	139.1	
2019 tax benefit due to income tax rate change	(2.8)	
Non-GAAP Net Income and Non-GAAP Diluted EPS Guidance*	\$175.3 - \$182.9	\$2.70 - \$2.82

(1) Adjustments are pre-tax, with net tax impact listed separately
(2) Tax impact is calculated by multiplying the estimated effective tax rate for the period of 21.0%

*Reconciliation of 20 20 Non-GAAP Adjusted EBITDA Guidance :

	Fiscal Year 2020
Net (loss)	(\$35.9 - \$29.6)
Interest expense	71.6 - 73.0
Tax expense	27.4 - 28.7
A&S purchase accounting adjustment	(0.8)
Depreciation expense	55.6 - 57.8
Acquisition related amortization expense	69.4 - 70.2
Stock based compensation	14.1 - 15.1
Impairment of goodwill and intangible asset	147.5
Restructuring costs	6.1 - 8.1
Non-GAAP adjusted EBITDA*	\$355.0 - \$370.0

Conference Call

The Company will conduct an investor conference call to discuss its unaudited third-quarter 2020 financial results on Friday, October 23, 2020 at 10:00 a.m. ET. The public is invited to listen to the conference call by dialing (866) 209-9085 domestically or (647) 689-5687 for international access and asking to participate in the ALTRA conference call. A live webcast of the call will be available in the "Investor Relations" section of www.altramotion.com. Individuals may download charts that will be used during the call at www.altramotion.com under Events and Presentations in the Investor Relations section. The charts will be available after earnings are released. A replay of the recorded conference call will be available at the conclusion of the call on October 23, 2020 through midnight on November 6, 2020. To listen to the replay, dial (800) 585-8367 domestically or (416) 621-4642 for international access (Conference ID: 1608127). A webcast replay also will be available.

About Altra Industrial Motion Corp.

Altra Industrial Motion Corp. is a premier industrial, global manufacturer and supplier of electromechanical power transmission, motion control and automation products, including highly engineered power transmission, motion control and engine braking systems and components. Altra's portfolio consists of 27 well-respected brands

including Bauer Gear Motor, Boston Gear, Jacobs Vehicle Systems, Kollmorgen, Portescap, Stromag, Svendborg Brakes, TB Wood's, Thomson and Warner Electric. Headquartered in Braintree, Massachusetts, Altra has approximately 9,200 employees and over 50 production facilities in 16 countries around the world.

Altra Industrial Motion Corp. Consolidated Balance Sheets In millions of dollars	September 30, 2020 (Unaudited)	December 31, 2019
Assets:		
Current Assets		
Cash and cash equivalents	\$ 238.7	\$ 167.3
Trade receivables, net	237.0	243.2
Inventories	219.2	222.5
Income tax receivable	13.6	5.2
Prepaid expenses and other current assets	35.4	29.1
Total current assets	743.9	667.3
Property, plant and equipment, net	336.7	354.4
Goodwill	1,563.4	1,694.9
Intangible assets, net	1,451.9	1,502.4
Deferred income taxes	1.0	3.0
Other non-current assets, net	9.2	25.1
Operating lease, right of use asset	39.8	36.6
Total assets	\$ 4,145.9	\$ 4,283.7
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 139.9	\$ 154.7
Accrued payroll	63.1	58.3
Accruals and other current liabilities	77.4	82.0
Income tax payable	10.0	13.2
Current portion of long-term debt	16.5	18.0
Operating lease liabilities	12.7	13.5
Total current liabilities	319.6	339.7
Long-term debt, less current portion and net of unaccreted discount	1,476.9	1,563.8
Deferred income taxes	374.0	369.1
Pension liabilities	31.4	30.8
Long-term taxes payable	2.7	4.5
Other long-term liabilities	16.3	28.8
Operating lease liabilities, net of current portion	29.2	24.7
Total stockholders' equity	1,895.8	1,922.3
Total liabilities, and stockholders' equity	\$ 4,145.9	\$ 4,283.7
Reconciliation to operating working capital:		
Trade receivables, net	\$ 237.0	\$ 243.2
Inventories	219.2	222.5
Accounts payable	(139.9)	(154.7)
Non-GAAP operating working capital*	\$ 316.3	\$ 311.0

Consolidated Statements of Income Data: In millions of dollars	Quarter Ended September 30, 2020 (Unaudited)		Year to Date Ended September 30, 2020 (Unaudited)		2019 (Unaudited)	
Net sales	\$ 437.8	\$ 442.9	\$ 1,272.8	\$ 1,392.2		
Cost of sales	273.7	285.9	812.3	893.3		
Gross profit	\$ 164.1	\$ 157.0	\$ 460.5	\$ 498.9		
Gross profit as a percent of net sales	37.5	% 35.4	% 36.2	% 35.8		%
Selling, general & administrative expenses	82.5	87.9	245.4	270.8		
Impairment of goodwill and intangible asset	—	—	147.5	—		
Research and development expenses	13.8	14.4	42.6	44.4		
Restructuring costs	2.4	6.2	5.5	11.7		
(Loss)/Income from operations	\$ 65.4	\$ 48.5	\$ 19.5	\$ 172.0		
Income from operations as a percent of net sales	14.9	% 11.0	% 1.5	% 12.4		%

Interest expense, net	18.0		18.2		54.2		56.6	
Other non-operating (income)/expense, net	(0.3)	)	(0.4)	)	0.8		1.1	
(Loss)/Income before income taxes	\$ 47.7		\$ 30.7		\$ (35.5)	)	\$ 114.3	
Provision for income taxes	9.4		5.0		21.2		24.4	
Income tax rate	19.7	%	16.3	%	-59.7	%	21.3	%
Net (loss)/income	\$ 38.3		\$ 25.7		\$ (56.7)	)	\$ 89.9	
Weighted Average common shares outstanding:								
Basic	64.6		64.4		64.6		64.3	
Diluted	64.9		64.6		64.6		64.5	
Net (loss)/income per share:								
Basic	\$ 0.59		\$ 0.40		\$ (0.88)	)	\$ 1.40	
Diluted	\$ 0.59		\$ 0.40		\$ (0.88)	)	\$ 1.39	
Reconciliation of Non-GAAP Income from Operations:								
(Loss)/Income from operations	\$ 65.4		\$ 48.5		\$ 19.5		\$ 172.0	
Restructuring costs	2.4		6.2		5.5		11.7	
Acquisition related stock compensation expense	0.4		0.7		1.4		2.6	
Acquisition related amortization expense	17.5		17.5		52.3		52.9	
Impairment of goodwill and intangible asset	—		—		147.5		—	
Acquisition related expenses	—		—		—		0.7	
Non-GAAP income from operations *	\$ 85.7		\$ 72.9		\$ 226.2		\$ 239.9	
Non-GAAP income from operations as a percent of net sales	19.6	%	16.5	%	17.8	%	17.2	%
Reconciliation of Non-GAAP Net (Loss)/Income:								
Net (loss)/income	\$ 38.3		\$ 25.7		\$ (56.7)	)	\$ 89.9	
Restructuring costs	2.4		6.2		5.5		11.7	
Acquisition related stock compensation expense	0.4		0.7		1.4		2.6	
Acquisition related amortization expense	17.5		17.5		52.3		52.9	
Acquisition related expenses	—		—		—		0.7	
Automation and Specialty acquisition purchase price adjustment	(0.8)	)	—		(0.8))	—	
Non-cash amortization of interest rate swap expense	3.4		—		5.6		—	
Impairment of intangible assets - trademarks	—		—		8.4		—	
Cross currency interest rate swap settlement fee	—		—		0.9		—	
Tax impact of above adjustments	(4.7)	)	(5.8)	)	(15.6)	)	(16.2))
2019 tax benefit due to income tax rate change	—		—		(2.8))	—	
Impairment of intangible assets - goodwill	—		—		139.1		—	
Non-GAAP net income *	\$ 56.5		\$ 44.3		\$ 137.3		\$ 141.6	
Non-GAAP diluted earnings per share *	\$ 0.87		(1)\$ 0.69		(2)\$ 2.12		(3) \$ 2.20	(4)

(1) Tax impact is calculated by multiplying the estimated effective tax rate for the period of 20.4% by the above items.

(2) Tax impact is calculated by multiplying the estimated effective tax rate for the period of 23.8% by the above items.

(3) Tax impact is calculated by multiplying the estimated effective tax rate for the period of 21.3% by the above items.

(4) Tax impact is calculated by multiplying the estimated effective tax rate for the period of 23.8% by the above items.

Cash flows from operating activities In millions of dollars	Year to Date Ended September 30,	
	2020	2019
Net (loss)/income	\$ (56.7)	) \$ 89.9
Adjustments to reconcile net income to net operating cash flows:		
Depreciation	44.2	43.5
Amortization of intangible assets	52.3	52.9
Amortization of deferred financing costs	3.4	3.8
Accretion of debt discount	0.4	—
Non-cash amortization of interest rate swap expense	5.6	—
Impairment of goodwill and intangible asset	147.5	—
Payment for interest rate swap settlement	(34.7)) —
(Gain)/Loss on foreign currency, net	(1.2)	) (0.5)
Loss on disposal, impairment and other	—	) 0.2
Stock-based compensation	10.3	10.1
Changes in assets and liabilities:		
Trade receivables	7.9	10.2
Inventories	4.3	(3.7)
Accounts payable, accrued payroll, accruals and current liabilities	(2.7)	) (15.3)
Other current assets and liabilities	(23.2)	) (10.3)
Other operating assets and liabilities	4.4	) (0.4)
Net cash provided by operating activities	161.8	180.4
Cash flows from investing activities		
Purchase of property, plant and equipment	(24.3)	) (36.9)
A&S acquisition purchase price adjustment	(1.9)	) (13.5)
Proceeds from sale of building	—	0.4
Proceeds from cross currency interest rate swap settlement	56.2	—

Net cash provided by (used in) investing activities	30.0	(50.0))
Cash flows from financing activities			
Borrowing under Revolving Credit Facility	100.0	—	
Payments on Revolving Credit Facility	(100.0))	
Payments on Term Loan Facility	(90.0)	)	(90.0)
Dividend payments	(24.9)	)	(33.1)
Net payments on financing leases, mortgages, and other obligations	(0.3)	)	(0.9)
Net proceeds/(payments) from China debt	(1.1)	)	2.1
Shares surrendered for tax withholding	(3.9)	)	(3.9)
Net cash used in financing activities	(120.2)	)	(125.8)
Effect of exchange rate changes on cash and cash equivalents	(0.2)	)	(5.6)
Net change in cash and cash equivalents	71.4	)	(1.0)
Cash and cash equivalents at beginning of period	167.3		169.0
Cash and cash equivalents at end of period	\$ 238.7		\$ 168.0
Reconciliation to Free Cash Flow:			
Net cash flows from operating activities	\$ 161.8		\$ 180.4
Purchase of property, plant and equipment	(24.3)	)	(36.9)
Free Cash Flow *	137.5		143.5
Payment for interest rate swap settlement	34.7		—
Adjusted Free Cash Flow *	\$ 172.2		\$ 143.5

Selected Segment Data In millions of dollars	Quarter Ended September 30,		Year to Date Ended September 30,	
	2020	2019	2020	2019
Net sales:				
Power Transmission Technologies	\$ 197.7	\$ 218.7	\$ 610.7	\$ 688.6
Automation & Specialty	240.8	224.8	665.2	707.2
Inter-segment eliminations	(0.7)	) (0.6	) (3.1	) (3.6
Total	\$ 437.8	\$ 442.9	\$ 1,272.8	\$ 1,392.2
(Loss)/Income from operations:				
Power Transmission Technologies	\$ 23.5	\$ 26.3	\$ 73.0	\$ 87.1
Automation & Specialty	44.6	29.7	(48.0)	) 102.1
Corporate	(0.3)	) (1.3	) -	) (5.5
Restructuring costs	(2.4)	) (6.2	) (5.5	) (11.7
Total	\$ 65.4	\$ 48.5	\$ 19.5	\$ 172.0

* Reconciliation of Non-GAAP Income from Operations by Segment:

Selected Segment Data In millions of dollars	Quarter Ended September 30, 2020				Year to Date Ended September 30, 2020			
	Power Transmission Technologies	Automation and Specialty	Corporate	Total	Power Transmission Technologies	Automation and Specialty	Corporate	Total
Income/(loss) from operations:								
Income/(loss) from operations	\$ 21.3	\$ 44.4	\$ (0.3)	) \$65.4	\$ 69.9	\$ (50.4)	) \$ —	\$19.5
Restructuring costs	2.2	0.2	—	2.4	3.1	2.4	—	5.5
Acquisition related stock compensation expense	—	—	0.4	0.4	—	—	1.4	1.4
Impairment of goodwill and intangible asset	—	—	—	—	—	147.5	—	147.5
Acquisition related amortization expense	2.1	15.4	—	17.5	6.6	45.7	—	52.3
Total Non-GAAP Income/(loss) from operations	\$ 25.6	\$ 60.0	\$ 0.1	\$85.7	\$ 79.6	\$ 145.2	\$ 1.4	\$226.2
Non-GAAP Income from operations as a percentage of Segment net sales*	12.9	% 24.9	%	19.6%	13.0	% 21.8	%	17.8 %

Selected Segment Data In millions of dollars	Quarter Ended September 30, 2019				Year to Date Ended September 30, 2019			
	Power	Automation	Corporate	Total	Power	Automation	Corporate	Total

	Transmission Technologies	and Specialty			Transmission Technologies	and Specialty		
Income/(loss) from operations:								
Income/(loss) from operations	\$ 23.4	\$ 26.4	\$ (1.3)	) \$48.5	\$ 81.3	\$ 96.2	\$ (5.5)	) \$172.0
Restructuring costs	2.9	3.3	—	6.2	5.8	5.9	—	11.7
Acquisition related stock compensation expense	—	—	0.7	0.7	—	—	2.6	2.6
Impairment of goodwill and intangible asset	—	—	—	—	6.9	46.0	—	52.9
Acquisition related amortization expense	2.3	15.2	—	17.5	—	—	—	—
Acquisition related expenses	—	—	—	—	—	—	0.7	0.7
Total Non-GAAP Income/(loss) from operations	\$ 28.6	\$ 44.9	\$ (0.6)	) \$72.9	\$ 94.0	\$ 148.1	\$ (2.2)	) \$239.9
Non-GAAP Income from operations as a percentage of Segment net sales*	13.1	% 20.0	%	16.5%	13.7	% 20.9	%	17.2 %

* Discussion of Non-GAAP Financial Measures

The non-GAAP financial measures used in this release are utilized by management in comparing our operating performance on a consistent basis. We believe that these financial measures are appropriate to enhance the overall understanding of our underlying operating performance trends compared to historical and prospective periods and our peers. We believe that these measures provide important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations as well as insight into the compliance with our debt covenants. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information calculated in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures. A reconciliation of non-GAAP financial measures presented above to our GAAP results has been provided in the financial tables included in this press release.

Organic Sales

Organic sales in this release excludes the impact of foreign currency translation.

Non-GAAP Net Income, Non-GAAP Income From Operations, Non-GAAP Diluted Earnings Per Share, Non-GAAP Operating Income Margin, and Non-GAAP Diluted EPS Guidance

Non-GAAP Net Income, Non-GAAP Income From Operations, Non-GAAP Diluted Earnings Per Share, and Non-GAAP Diluted Earnings Per Share Guidance exclude acquisition related amortization expense, acquisition related expense, acquisition related stock compensation expense, restructuring and consolidation costs, non-cash amortization of interest rate swap expense and other income or charges that management does not consider to be directly related to the Company's core operating performance. Non-GAAP Diluted Earnings Per Share is calculated by dividing Non-GAAP Net Income by GAAP weighted average shares outstanding (diluted). Non-GAAP Operating Income Margin is calculated by dividing Non-GAAP Income From Operations by GAAP Net Sales.

Non-GAAP Adjusted EBITDA

Adjusted EBITDA represents earnings before interest, taxes, depreciation, acquisition related amortization, acquisition related costs, restructuring costs, stock-based compensation, asset impairment and other income or charges that management does not consider to be directly related to the Company's core operating performance.

Non-GAAP Adjusted EBITDA Margin

Non-GAAP Adjusted EBITDA margin is calculated by dividing Non-GAAP Adjusted EBITDA by GAAP Net Sales.

Non-GAAP Free Cash Flow

Non-GAAP Free Cash Flow is calculated by deducting purchases of property, plant and equipment from net cash flows from operating activities.

Non-GAAP Adjusted Free Cash Flow

Non-GAAP Adjusted Free Cash Flow is calculated by adding back the payment for the interest rate swap settlement to Non-GAAP Free Cash Flow.

Non-GAAP Operating Working Capital

Non-GAAP Operating Working Capital is calculated by deducting accounts payable from net trade receivables plus inventories.

Net Debt

Net Debt is calculated by subtracting cash from total debt.

Forward-Looking Statements

All statements, other than statements of historical fact included in this release are forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. Forward-looking statements can generally be identified by phrases such as "believes," "expects," "potential," "continues," "may," "should," "seeks," "predicts," "anticipates," "intends," "projects," "estimates," "plans," "could," "designed", "should be," and other similar expressions that denote expectations of future or conditional events rather than statements of fact. Forward-looking statements also may relate to strategies, plans and objectives for,

and potential results of, future operations, financial results, financial condition, business prospects, growth strategy and liquidity, and are based upon financial data, market assumptions and management's current business plans and beliefs or current estimates of future results or trends available only as of the time the statements are made, which may become out of date or incomplete. Forward looking statements are inherently uncertain, and investors must recognize that events could differ significantly from our expectations. These statements include, but may not be limited to, the statements under "Business Outlook," and statements regarding (a) strategic plans to drive organic growth across the Company's end markets, (b) capitalizing on the Company's cash-generative business model, (c) the pipeline of opportunities from cross-selling activities, (d) the Company's future and growth opportunities when the global economy recovers, and (e) the Company's belief in its ability to thrive as a premier industrial company.

In addition to the risks and uncertainties noted in this release, there are certain factors that could cause actual results to differ materially from those anticipated by some of the statements made. These include: (1) competitive pressures, (2) changes in political and economic conditions in the United States and abroad and the cyclical nature of our markets, (3) loss of distributors, (4) the ability to develop new products and respond to customer needs, (5) risks associated with international operations, including currency risks, and the effects of tariffs and other trade actions taken by the United States and other countries (6) accuracy of estimated forecasts of OEM customers and the impact of the current global economic environment on our customers, (7) risks associated with a disruption to our supply chain, (8) fluctuations in the costs of raw materials used in our products, (9) product liability claims, (10) work stoppages and other labor issues, (11) changes in employment, environmental, tax and other laws and changes in the enforcement of laws, (12) loss of key management and other personnel, (13) risks associated with compliance with environmental laws, (14) the ability to successfully execute, manage and integrate key acquisitions and mergers, (15) failure to obtain or protect intellectual property rights, (16) risks associated with impairment of goodwill or intangible assets, (17) failure of operating equipment or information technology infrastructure, including cyber-attacks or other security breaches, and failure to comply with data privacy laws or regulations, (18) risks associated with our debt leverage, (19) risks associated with restrictions contained in the agreements governing Altra's \$400 million aggregate principal amount of 6.125% senior notes due 2026 and Altra's revolving credit facility and term loan facility, (20) risks associated with compliance with tax laws, (21) risks associated with the global recession and volatility and disruption in the global financial markets, (22) risks associated with implementation of our enterprise resource planning system, (23) risks associated with the Svendborg, Stromag, and A&S acquisitions and integration and other acquisitions, (24) risks associated with certain minimum purchase agreements we have with suppliers, (25) risks related to our relationships with strategic partners, (26) our ability to offset increased commodity and labor costs with increased prices, (27) risks associated with our exposure to variable interest rates and foreign currency exchange rates, (28) risks associated with interest rate swap contracts, (29) risks associated with our exposure to renewable energy markets, (30) risks related to regulations regarding conflict minerals, (31) risks related to restructuring and plant consolidations, (32) risks related to our acquisition of

A&S, including (a) the possibility that we may be unable to achieve expected synergies and operating efficiencies in connection with the transaction within the expected time-frames or at all and to successfully integrate A&S, (b) expected or targeted future financial and operating performance and results, (c) operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) being greater than expected following the transaction, (d) our ability to retain key executives and employees, (e) slowdowns or downturns in economic conditions generally and in the markets in which the A&S businesses participate specifically, (f) lower than expected investments and capital expenditures in equipment that utilizes components produced by us or A&S, (g) lower than expected demand for our or A&S's repair and replacement businesses, (h) our ability to successfully integrate the merged assets and the associated technology and achieve operational efficiencies, (i) the integration of A&S being more difficult, time-consuming or costly than expected, (j) the inability to undertake certain corporate actions that otherwise could be advantageous to comply with certain tax covenants, (k) potential unknown liabilities and unforeseen expenses related to the acquisition and (l) the impact on our internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002, (33) the risk associated with the UK's departure from the European Union, (34) Altra's ability to achieve the efficiencies, savings and other benefits anticipated from its cost reduction, margin improvement, restructuring, plant consolidation and other business optimization initiatives, (35) the risks associated with transitioning from LIBOR to a replacement alternative reference rate, (36) the scope and duration of the COVID-19 global pandemic and its impact on global economic systems and our employees, sites, operations, customers and supply chain, and (37) other risks, uncertainties and other factors described in the Company's quarterly reports on Form 10-Q and annual reports on Form 10-K and in the Company's other filings with the U.S. Securities and Exchange Commission (SEC) or in materials incorporated therein by reference. Except as required by applicable law, Altra does not intend to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

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