

REGAL

2Q

August 4, 2020

Second Quarter 2020 Earnings

CONFERENCE CALL

Louis Pinkham
Chief Executive Officer

Rob Rehard
Vice President
Chief Financial Officer

The following is a cautionary statement made under the Private Securities Litigation Reform Act of 1995: With the exception of historical facts, the statements contained in this presentation may be forward-looking statements. Forward-looking statements represent our management's judgment regarding future events. In many cases, you can identify forward-looking statements by terminology such as "may," "will," "expect," "intend," "estimate," "forecast," "anticipate," "believe," "should," "project" or "plan" or the negative of these terms or other similar words. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including but not limited to: the continued financial and operational impacts of and uncertainties relating to the COVID-19 pandemic on us and our customers and suppliers and the geographies in which we operate; uncertainties regarding our ability to execute our restructuring plans within expected costs and timing; actions taken by our competitors and our ability to effectively compete in the increasingly competitive global electric motor, drives and controls, power generation and power transmission industries; our ability to develop new products based on technological innovation, such as the Internet of Things, and marketplace acceptance of new and existing products, including products related to technology not yet adopted or utilized in certain geographic locations in which we do business; fluctuations in commodity prices and raw material costs; our dependence on significant customers; risks associated with global manufacturing, including risks associated with public health crises; issues and costs arising from the integration of acquired companies and businesses and the timing and impact of purchase accounting adjustments; our overall debt levels and our ability to repay principal and interest on our outstanding debt; prolonged declines in one or more markets we serve, such as heating, ventilation, air conditioning, refrigeration, power generation, oil and gas, unit material handling or water heating; economic changes in global markets where we do business, such as reduced demand for the products we sell, currency exchange

rates, inflation rates, interest rates, recession, government policies, including policy changes affecting taxation, trade, tariffs, immigration, customs, border actions and the like, and other external factors that we cannot control; product liability and other litigation, or claims by end users, government agencies or others that our products or our customers' applications failed to perform as anticipated, particularly in high volume applications or where such failures are alleged to be the cause of property or casualty claims; unanticipated liabilities of acquired businesses; unanticipated adverse effects or liabilities from business exits or divestitures; unanticipated costs or expenses we may incur related to product warranty issues; our dependence on key suppliers and the potential effects of supply disruptions; infringement of our intellectual property by third parties, challenges to our intellectual property, and claims of infringement by us of third party technologies; effects on earnings of any significant impairment of goodwill or intangible assets; losses from failures, breaches, attacks or disclosures involving our information technology infrastructure and data; cyclical downturns affecting the global market for capital goods; and other risks and uncertainties including but not limited to those described in "Item 1A-Risk Factors" of the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on February 26, 2020 and from time to time in other filed reports. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. The forward-looking statements included in this presentation are made only as of their respective dates, and we undertake no obligation to update these statements to reflect subsequent events or circumstances.

We prepare financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We also periodically disclose certain financial measures in our quarterly earnings releases, on investor conference calls, and in investor presentations and similar events that may be considered "non-GAAP" financial measures. This additional information is not meant to be considered in isolation or as a substitute for our results of operations prepared and presented in accordance with GAAP.

In this presentation, we disclose the following non-GAAP financial measures, and we reconcile these measures in the tables in the appendix to the most directly comparable GAAP financial measures: adjusted diluted earnings per share (both historical and projected), adjusted income from operations, adjusted operating margin, adjusted net sales, net debt, adjusted EBITDA, adjusted operating leverage, adjusted net income attributable to Regal Beloit Corporation, free cash flow, free cash flow as a percentage of adjusted net income attributable to Regal Beloit Corporation, adjusted income before taxes, adjusted provision for income taxes, adjusted effective tax rate, net sales from ongoing business, adjusted income from operations of ongoing business, ongoing business adjusted operating margin, and adjusted diluted earnings per share for ongoing business. We believe that these non-GAAP financial measures are useful measures for providing investors with additional information regarding our results of operations and for helping investors understand and compare our operating results across accounting periods and compared to our peers. Our management primarily uses adjusted income from operations, adjusted operating income, adjusted operating margin, and adjusted operating leverage to help us manage and evaluate our business and make operating decisions, while adjusted diluted earnings per share, net debt, adjusted EBITDA, adjusted net sales, adjusted net income attributable to Regal Beloit Corporation, free cash flow, free cash flow as a

percentage of adjusted net income attributable to Regal Beloit Corporation, adjusted income before taxes, adjusted provision for income taxes, adjusted effective tax rate, net sales from ongoing business, adjusted income from operations of ongoing business, ongoing business adjusted operating margin and adjusted diluted earnings per share for ongoing business are primarily used to help us evaluate our business and forecast our future results. Accordingly, we believe disclosing and reconciling each of these measures helps investors evaluate our business in the same manner as management.

In addition to these non-GAAP measures, we also use the term "organic sales" to refer to GAAP sales from existing operations excluding any sales from acquired businesses recorded prior to the first anniversary of the acquisition ("net sales from business acquired") and excluding any sales from business divested/to be exited ("net sales from business divested/to be exited") recorded prior to the first anniversary of the exit and excluding the impact of foreign currency translation. The impact of foreign currency translation is determined by translating the respective period's organic sales using the currency exchange rates that were in effect during the prior year periods. We use the term "organic sales growth" to refer to the increase in our sales between periods that is attributable to organic sales. For further clarification, we may use the term "acquisition growth" to refer to the increase in our sales between periods that is attributable to acquisition sales.

Opening Comments & Overview

LOUIS PINKHAM, CEO

2Q 2020 Results & 3Q Framework

ROB REHARD, CFO

Questions & Answers

Closing Remarks

LOUIS PINKHAM, CEO



- Sales Down 24.7% on an Organic Basis
 - Significant Headwinds From COVID-19
 - 80/20 Pruning Initiatives Reduced Sales by ~190bps
- Margins Supported by Reorganization and Cost-Out Initiatives
 - Deleverage of 15.5%
 - Operating Margin Down 160bps On Severe Top Line Pressure
- Strong Free Cash Flow of \$77M
 - FCF Conversion at 255%
- COVID-19 a Material Headwind, But Bright Spots Emerging
 - April/May/June/July Orders Down 31%/27%/14%/7%

(\$ in millions, except per share data)	2Q 2019	2Q 2020
Adjusted Net Sales*	\$855.5	\$634.1
Adjusted Income from Operations*	\$93.8	\$59.5
Adjusted Operating Margin*	11.0%	9.4%
Adjusted Diluted EPS*	\$1.49	\$0.95
Free Cash Flow*	\$76.3	\$77.4

* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

Opening Comments & Overview

LOUIS PINKHAM, CEO

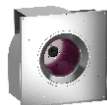
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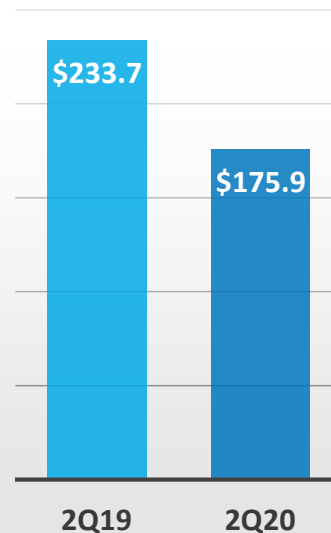
Sales

- **Organic Sales* Down 23.6%**
- **Market Performance**
 - N.A. General Industrial Markets
 - N.A. Commercial HVAC
 - Europe Air Moving
 - 80/20 Account Pruning (~1.5%)
 - + Pool
 - + China Share Gain

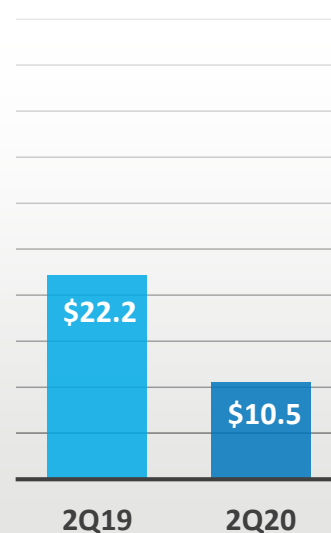
Adjusted Operating Margin*

- **6.0% of Adj. Net Sales**
- **Down 350 bps from Prior Year**
 - Volume
 - Government Decree Burden
 - Freight
 - + Cost Reductions
 - + Price/cost

Adjusted Net Sales* (\$ Millions)



Adjusted Income from Operations* (\$ Millions)



* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

Deleverage At 20% Despite Significant Topline Headwinds

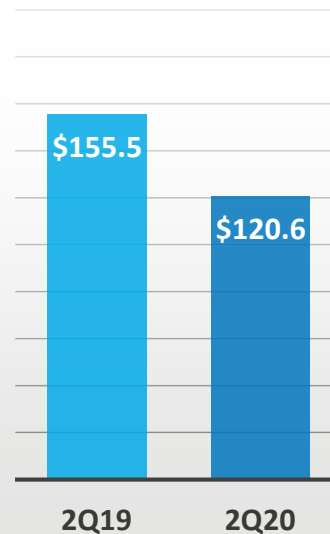
Sales

- **Organic Sales* Down 19.8%**
- **Market Performance**
 - General Industrial
 - Non-Res Construction
 - Oil & Gas
 - 80/20 Account Pruning (~1.8%)
 - + Data Centers

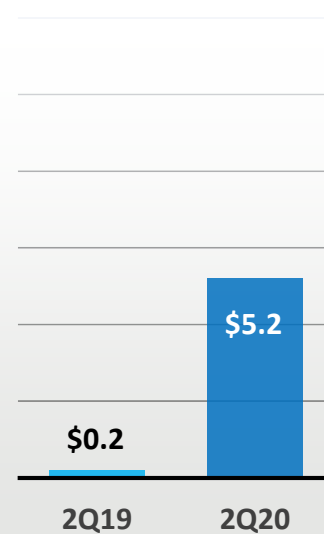
Adjusted Operating Margin*

- **4.3% of Adj. Net Sales**
- **Up 420 bps from Prior Year**
 - + Cost Reductions
 - + Price/Material Costs
 - + Mix
 - Volume
 - Government Decree Burdens

Adjusted Net Sales* (\$ Millions)



Adjusted Income from Operations* (\$ Millions)



* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

Restructuring Firmly Underway, Significant Upside Remains

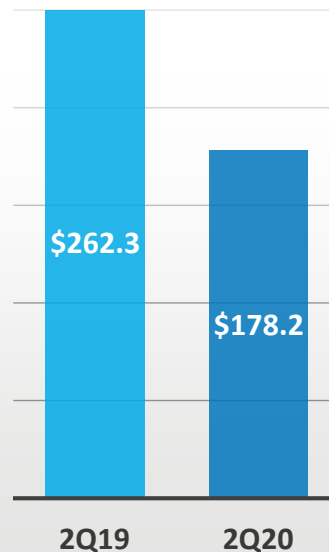
Sales

- **Organic Sales* Down 31.4%**
- **Market Performance**
 - N.A. HVAC De-Stock (C-19)
 - Hospitality
 - FER Pre-Build Compare
 - 80/20 Account Pruning (~3.0%)
 - + Sequential Monthly HVAC Order Trends

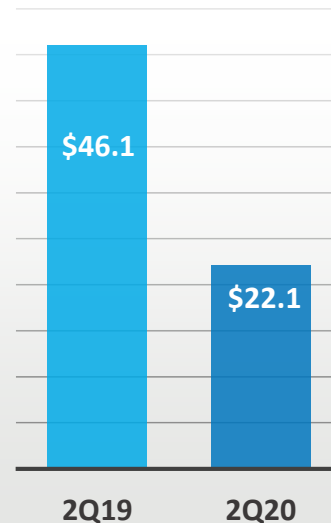
Adjusted Operating Margin*

- **12.4% of Adj. Net Sales**
- **Down 520 bps from Prior Year**
 - Volume
 - Government Decree Burdens
 - Mix (FER comp)
 - + Price/Cost Neutral
 - + SG&A Reductions

Adjusted Net Sales*
(\$ Millions)



Adjusted Income from Operations*
(\$ Millions)



* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

HVAC Orders Rebounding and Building Momentum

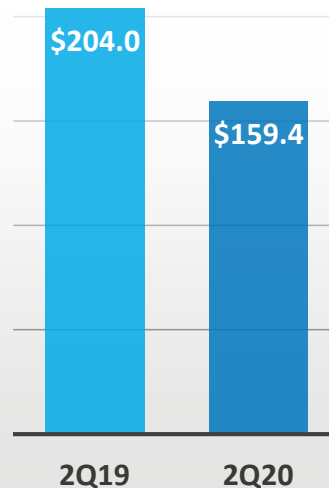
Sales

- **Organic Sales* Down 21.1%**
- **Market Performance**
 - N.A. General Industrial
 - Upstream Oil & Gas
 - Alternative Energy lumpiness
 - 80/20 Account Pruning (~1.0%)
 - + Midstream (pre-existing projects)
 - + China

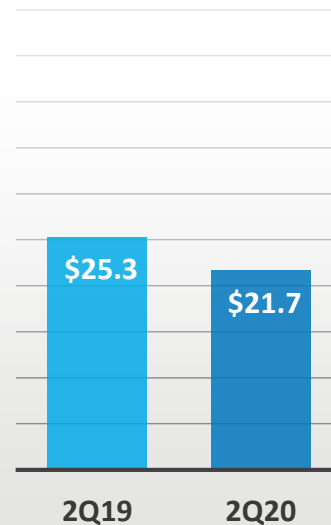
Adjusted Operating Margin*

- **13.6% of Adj. Net Sales**
- **Up 120 bps from Prior Year**
 - + Cost Reductions
 - + Mix
 - + Price/Cost
 - Volume
 - Government Decree Burden

Adjusted Net Sales*
(\$ Millions)



Adjusted Income from Operations*
(\$ Millions)



* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

Margins Up Despite Down Sales, Short Cycle Industrial Appears Stable. Deleverage at 8%

Capital Expenditures

- \$9.5 Million in 2Q 2020
- \$50.0 Million Expected in FY 2020

Effective Tax Rate (ETR)

- 22.4% Adj. ETR* in 2Q 2020
- 21.0% Adj. ETR* Expected in FY 2020

Restructuring & Related Costs

- \$10.9 Million in 2Q 2020
- \$25.0 Million Expected in FY 2020

Balance Sheet as June 27, 2020

- Total Debt of \$1,125.7 Million
- Net Debt of \$693.5 Million
 - Down \$66.9 Million from 1Q 2020
- Net Debt/Adj. EBITDA* of 1.6
- Fully repaid revolver in the quarter

Free Cash Flow*

- \$77.4 Million in 2Q 2020, Up \$1.1 Million from 2Q 2019
- No Shares Purchased in 2Q 2020
- Considering Re-Instatement of Share Purchases

Cost Savings Summary (Dollars in Millions)	Annualized Savings	1Q20	2Q20	3Q20	4Q20	FY20
Permanent Cost Savings ¹	\$45.0	\$4.0	\$8.5	\$10.0	\$13.5	\$36.0
Temporary Cost Savings ²			\$6.0			\$6.0
Total Cost Savings		\$4.0	\$14.5	\$10.0	\$13.5	\$42.0

1. Annualized permanent savings includes: 2019 \$6M, 2020 \$36M, 2021 \$3M

2. Associated with furloughs and salary reductions

* Non-GAAP Financial Measurement, See Appendix for Reconciliation.

FY 2020 Guidance Remains Suspended

Third Quarter Framework

- Net Sales Decline 8 - 12% Y/Y
 - PTS at High End of Range, Commercial at Low End
- Deleverage at 12 - 18%

Other FY 2020 Modeling Assumptions

- Net Interest Expense of ~\$40 Million
- Capital Expenditures of ~\$50 Million
- Depreciation & Amortization Expense of ~\$130 Million
- Effective Tax Rate of ~21%
- Restructuring & Related Expense of ~\$25 Million
- Expect FCF > 125% of Adj. Net Income

Expect To Keep Deleverage Rates Below Historic Levels

Opening Comments & Overview

LOUIS PINKHAM, CEO

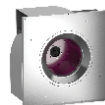
2Q 2020 Results & 3Q Framework

ROB REHARD, CFO

Questions & Answers

Closing Remarks

LOUIS PINKHAM, CEO





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Appendix

ADJUSTED DILUTED EARNINGS PER SHARE

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>Jun 27, 2020</u>	<u>Jun 29, 2019</u>	<u>Jun 27, 2020</u>	<u>Jun 29, 2019</u>
GAAP Diluted Earnings Per Share	\$ 0.69	\$ 1.55	\$ 1.81	\$ 3.54
Restructuring and Related Costs	0.21	0.07	0.31	0.11
Loss (Gain) on Businesses Divested and Assets to be Exited	0.05	(0.10)	0.08	(0.69)
Net Loss (Income) from Businesses Divested/to be Exited	—	(0.03)	0.01	(0.10)
Executive Transition Costs	—	—	0.05	0.03
Adjusted Diluted Earnings Per Share	<u>\$ 0.95</u>	<u>\$ 1.49</u>	<u>\$ 2.26</u>	<u>\$ 2.89</u>

<u>ADJUSTED INCOME FROM OPERATIONS</u> (Dollars in Millions)	Three Months Ended											
	Commercial Systems				Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019		
GAAP Income (Loss) from Operations	\$ 6.2	\$ 20.8	\$ 3.2	\$ (1.3)	\$ 20.0	\$ 51.7	\$ 16.5	\$ 24.8	\$ 45.9	\$ 96.0		
Restructuring and Related Costs	2.3	1.1	2.0	1.5	1.3	0.6	5.3	0.4	10.9	3.6		
Loss (Gain) on Businesses Divested and Assets to be Exited	2.0	1.8	-	-	0.8	(6.1)	-	0.1	2.8	(4.2)		
Gain on Sale of Assets	-	-	-	-	-	-	(0.1)	-	(0.1)	-		
Operating Loss (Income) from Businesses Divested/to be Exited	-	(1.6)	-	-	-	(0.1)	-	-	-	(1.7)		
Executive Transition Costs	-	0.1	-	-	-	-	-	-	-	0.1		
Adjusted Income from Operations	\$ 10.5	\$ 22.2	\$ 5.2	\$ 0.2	\$ 22.1	\$ 46.1	\$ 21.7	\$ 25.3	\$ 59.5	\$ 93.8		
GAAP Operating Margin %	3.5 %	8.4 %	2.7 %	(0.8)%	11.2 %	19.3 %	10.4 %	12.2 %	7.2 %	11.0 %		
Adjusted Operating Margin %	6.0 %	9.5 %	4.3 %	0.1 %	12.4 %	17.6 %	13.6 %	12.4 %	9.4 %	11.0 %		

<u>ADJUSTED INCOME (LOSS) FROM OPERATIONS</u> (Dollars in Millions)	Six Months Ended											
	Commercial Systems				Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019		
GAAP Income (Loss) from Operations	\$ 18.7	\$ 78.6	\$ 2.7	\$ (5.6)	\$ 49.5	\$ 90.6	\$ 45.0	\$ 53.0	\$ 115.9	\$ 216.6		
Restructuring and Related Costs	4.1	2.3	2.9	2.4	2.4	0.7	7.1	0.5	16.5	5.9		
Purchase Accounting and Transaction Costs	-	0.1	-	-	-	-	-	-	-	0.1		
(Gain) Loss on Businesses Divested and Assets to be Exited	2.7	(32.8)	0.2	1.0	1.3	(4.8)	-	1.2	4.2	(35.4)		
Gain on Sale of Assets	-	-	-	-	-	-	(0.1)	-	(0.1)	-		
Operating (Income) Loss from Businesses Divested/to be Exited	-	(3.3)	-	-	0.4	(2.0)	-	(0.3)	0.4	(5.6)		
Executive Transition Costs	0.5	0.5	0.4	0.3	0.5	0.5	0.4	0.4	1.8	1.7		
Adjusted Income (Loss) from Operations	\$ 26.0	\$ 45.4	\$ 6.2	\$ (1.9)	\$ 54.1	\$ 85.0	\$ 52.4	\$ 54.8	\$ 138.7	\$ 183.3		
GAAP Operating Margin %	5.0 %	16.1 %	1.1 %	(1.9)%	12.7 %	17.1 %	12.7 %	12.8 %	8.5 %	12.5 %		
Adjusted Operating Margin %	6.9 %	9.8 %	2.5 %	(0.6)%	13.9 %	16.7 %	14.8 %	13.4 %	10.1 %	10.9 %		

Three Months Ended

ADJUSTED NET SALES

(Dollars in Millions)

Net Sales

Nets Sales from Businesses Divested/to be Exited

Adjusted Net Sales

Commercial Systems		Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
\$ 175.9	\$ 246.3	\$ 120.6	\$ 155.5	\$ 178.2	\$ 267.9	\$ 159.4	\$ 204.0	\$ 634.1	\$ 873.7
-	(12.6)	-	-	-	(5.6)	-	-	-	(18.2)
\$ 175.9	\$ 233.7	\$ 120.6	\$ 155.5	\$ 178.2	\$ 262.3	\$ 159.4	\$ 204.0	\$ 634.1	\$ 855.5

Six Months Ended

ADJUSTED NET SALES

(Dollars in Millions)

Net Sales

Nets Sales from Businesses Divested/to be Exited

Adjusted Net Sales

Commercial Systems		Industrial Systems		Climate Solutions		Power Transmission Solutions		Total Regal	
Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
\$ 375.3	\$ 488.5	\$ 250.2	\$ 293.6	\$ 388.3	\$ 531.2	\$ 354.5	\$ 414.2	\$ 1,368.3	\$ 1,727.5
-	(25.0)	-	-	-	(21.1)	-	(5.6)	-	(51.7)
\$ 375.3	\$ 463.5	\$ 250.2	\$ 293.6	\$ 388.3	\$ 510.1	\$ 354.5	\$ 408.6	\$ 1,368.3	\$ 1,675.8

ADJUSTED EFFECTIVE TAX RATE

(Dollars in Millions)

	Three Months Ended		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Income before Taxes	\$ 37.8	\$ 83.8	\$ 98.4	\$ 191.8
Provision for Income Taxes	8.5	16.4	22.4	37.6
Effective Tax Rate	22.5%	19.6%	22.8%	19.6%
Income before Taxes	\$ 37.8	\$ 83.8	\$ 98.4	\$ 191.8
Loss (Gain) on Businesses Divested and Assets to be Exited	2.8	(4.2)	4.2	(35.4)
Adjusted Income before Taxes	\$ 40.6	\$ 79.6	\$ 102.6	\$ 156.4
Provision for Income Taxes	\$ 8.5	\$ 16.4	\$ 22.4	\$ 37.6
Tax Effect from Loss (Gain) on Businesses Divested and Assets to be Exited	0.6	(0.2)	0.9	(5.5)
Non-deductible Portion of Executive Transition Costs	-	-	(0.5)	-
Adjusted Provision for Income Taxes	\$ 9.1	\$ 16.2	\$ 22.8	\$ 32.1
Adjusted Effective Tax Rate	22.4%	20.4%	22.2%	20.5%

FREE CASH FLOW

(Dollars in Millions)

	Three Months Ended		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Net Cash Provided by Operating Activities	\$ 86.9	\$ 112.3	\$189.6	\$ 130.6
Additions to Property Plant and Equipment	(9.5)	(36.0)	(20.4)	(56.2)
Free Cash Flow	\$ 77.4	\$ 76.3	\$ 169.2	\$ 74.4
GAAP Net Income Attributable to Regal Beloit Corporation	\$ 28.1	\$ 66.6	\$ 73.9	\$ 152.5
Loss (Gain) on Businesses Divested and Impairments	2.8	(4.2)	4.2	(35.4)
Tax Effect from Loss (Gain) on Businesses Divested and Impairments	(0.6)	0.2	(0.9)	5.5
Adjusted Net Income Attributable to Regal Beloit Corporation	\$ 30.3	\$ 62.6	\$ 77.2	\$ 122.6
Free Cash Flow as a Percentage of Adjusted Net Income Attributable to Regal Beloit Corporation	255.4 %	121.9 %	219.2 %	60.7 %

ORGANIC SALES GROWTH

(Dollars in Millions)

Three Months Ended

	Three Months Ended				
	Commercial Systems	Industrial Systems	Climate Solutions	Power Transmission Solutions	Total Regal
Net Sales Three Months Ended Jun 27, 2020	\$ 175.9	\$ 120.6	\$ 178.2	\$ 159.4	\$ 634.1
Impact from Foreign Currency Exchange Rates	2.7	4.1	1.8	1.5	10.1
Organic Sales Three Months Ended Jun 27, 2020	<u>\$ 178.6</u>	<u>\$ 124.7</u>	<u>\$ 180.0</u>	<u>\$ 160.9</u>	<u>\$ 644.2</u>
Net Sales Three Months Ended Jun 29, 2019	\$ 246.3	\$ 155.5	\$ 267.9	\$ 204.0	\$ 873.7
Net Sales from Business Divested/to be Exited	(12.6)	-	(5.6)	-	(18.2)
Adjusted Net Sales Three Months Ended Jun 29, 2019	<u>\$ 233.7</u>	<u>\$ 155.5</u>	<u>\$ 262.3</u>	<u>\$ 204.0</u>	<u>\$ 855.5</u>
Organic Sales Growth %	(23.6)%	(19.8)%	(31.4)%	(21.1)%	(24.7)%
Net Sales Growth %	(28.6)%	(22.4)%	(33.5)%	(21.9)%	(27.4)%

ORGANIC SALES GROWTH

(Dollars in Millions)

Six Months Ended

	Six Months Ended				
	Commercial Systems	Industrial Systems	Climate Solutions	Power Transmission Solutions	Total Regal
Net Sales Six Months Ended Jun 27, 2020	\$ 375.3	\$ 250.2	\$ 388.3	\$ 354.5	\$ 1,368.3
Impact from Foreign Currency Exchange Rates	4.4	6.4	2.8	2.5	16.1
Organic Sales Six Months Ended Jun 27, 2020	<u>\$ 379.7</u>	<u>\$ 256.6</u>	<u>\$ 391.1</u>	<u>\$ 357.0</u>	<u>\$ 1,384.4</u>
Net Sales Six Months Ended Jun 29, 2019	\$ 488.5	\$ 293.6	\$ 531.2	\$ 414.2	\$ 1,727.5
Net Sales from Business Divested/to be Exited	(25.0)	-	(21.1)	(5.6)	(51.7)
Adjusted Net Sales Six Months Ended Jun 29, 2019	<u>\$ 463.5</u>	<u>\$ 293.6</u>	<u>\$ 510.1</u>	<u>\$ 408.6</u>	<u>\$ 1,675.8</u>
Organic Sales Growth %	(18.1)%	(12.6)%	(23.3)%	(12.6)%	(17.4)%
Net Sales Growth %	(23.2)%	(14.8)%	(26.9)%	(14.4)%	(20.8)%

TOTAL GROSS DEBT/EBITDA

(Dollars in Millions)

	LTM Jun 27, 2020
Net Income	\$ 164.4
Plus: Taxes	46.0
Plus: Interest Expense	48.2
Less: Interest Income	(5.6)
Plus: Depreciation and Amortization	133.9
EBITDA	\$ 386.9
Current Maturities of Debt	\$ 0.6
Long-Term Debt	1,125.1
Total Gross Debt	\$ 1,125.7
Total Gross Debt/EBITDA	2.9

TOTAL GROSS DEBT/ADJUSTED EBITDA

(Dollars in Millions)

	LTM Jun 27, 2020
Net Income	\$ 164.4
Plus: Taxes	46.0
Plus: Interest Expense	48.2
Less: Interest Income	(5.6)
Plus: Depreciation and Amortization	133.9
Plus: Restructuring and Related Costs	41.9
Plus: Impairment and Exit Related Costs	4.3
Plus: Executive Transition Costs	2.3
Plus: Operating Loss from Businesses Divested/to be Exited	1.9
Less: Gain on Sale of Assets	(3.9)
Less: Gain on Divestiture of Business	0.6
Adjusted EBITDA	\$ 434.0
Current Maturities of Debt	\$ 0.6
Long-Term Debt	1,125.1
Total Gross Debt	\$ 1,125.7
Total Gross Debt/Adjusted EBITDA	2.6

TOTAL NET DEBT/EBITDA

(Dollars in Millions)

	LTM Jun 27, 2020
Net Income	\$ 164.4
Plus: Taxes	46.0
Plus: Interest Expense	48.2
Less: Interest Income	(5.6)
Plus: Depreciation and Amortization	133.9
Adjusted EBITDA	<u>\$ 386.9</u>
Current Maturities of Debt	\$ 0.6
Long-Term Debt	1,125.1
Less: Cash	(432.2)
Total Net Debt	<u>\$ 693.5</u>
Total Net Debt/Adjusted EBITDA	<u>1.8</u>

TOTAL NET DEBT/ADJUSTED EBITDA

(Dollars in Millions)

	LTM Jun 27, 2020
Net Income	\$ 164.4
Plus: Taxes	46.0
Plus: Interest Expense	48.2
Less: Interest Income	(5.6)
Plus: Depreciation and Amortization	133.9
Plus: Restructuring and Related Costs	41.9
Plus: Impairment and Exit Related Costs	4.3
Plus: Executive Transition Costs	2.3
Plus: Operating Loss from Businesses Divested/to be Exited	1.9
Less: Gain on Sale of Assets	(3.9)
Less: Gain on Divestiture of Business	0.6
Adjusted EBITDA	<u>\$ 434.0</u>
Current Maturities of Debt	\$ 0.6
Long-Term Debt	1,125.1
Less: Cash	(432.2)
Total Net Debt	<u>\$ 693.5</u>
Total Net Debt/Adjusted EBITDA	<u>1.6</u>

OPERATING LEVERAGE-TOTAL REGAL

(Dollars in Millions)

	Three Months Ended			Six Months Ended		
	Jun 27, 2020	Jun 29, 2019	Change	Jun 27, 2020	Jun 29, 2019	Change
GAAP Income from Operations	\$ 45.9	\$ 96.0	\$ (50.1)	\$ 115.9	\$ 216.6	\$ (100.7)
Adjusted Income from Operations	\$ 59.5	\$ 93.8	\$ (34.3)	\$ 138.7	\$ 183.3	\$ (44.6)
Net Sales	\$ 634.1	\$ 873.7	\$ (239.6)	\$ 1,368.3	\$ 1,727.5	\$ (359.2)
Adjusted Net Sales	\$ 634.1	\$ 855.5	\$ (221.4)	\$ 1,368.3	\$ 1,675.8	\$ (307.5)
GAAP Operating Leverage			20.9 %			28.0 %
Adjusted Operating Leverage			15.5 %			14.5 %

OPERATING LEVERAGE-COMMERCIAL SYSTEMS

(Dollars in Millions)

GAAP Income from Operations
Adjusted Income from Operations

Net Sales
Adjusted Net Sales

GAAP Operating Leverage
Adjusted Operating Leverage

	Three Months Ended			Six Months Ended		
	Jun 27, 2020	Jun 29, 2019	Change	Jun 27, 2020	Jun 29, 2019	Change
	\$ 6.2	\$ 20.8	\$ (14.6)	\$ 18.7	\$ 78.6	\$ (59.9)
	\$ 10.5	\$ 22.2	\$ (11.7)	\$ 26.0	\$ 45.4	\$ (19.4)
	\$ 175.9	\$ 246.3	\$ (70.4)	\$ 375.3	\$ 488.5	\$ (113.2)
	\$ 175.9	\$ 233.7	\$ (57.8)	\$ 375.3	\$ 463.5	\$ (88.2)
			20.7 %			52.9 %
			20.2 %			22.0 %

OPERATING LEVERAGE-POWER TRANSMISSION SOLUTIONS

(Dollars in Millions)

GAAP Income from Operations
Adjusted Income from Operations

Net Sales
Adjusted Net Sales

GAAP Operating Leverage
Adjusted Operating Leverage

	Three Months Ended			Six Months Ended		
	Jun 27, 2020	Jun 29, 2019	Change	Jun 27, 2020	Jun 29, 2019	Change
	\$ 16.5	\$ 24.8	\$ (8.3)	\$ 45.0	\$ 53.0	\$ (8.0)
	\$ 21.7	\$ 25.3	\$ (3.6)	\$ 52.4	\$ 54.8	\$ (2.4)
	\$ 159.4	\$ 204.0	\$ (44.6)	\$ 354.5	\$ 414.2	\$ (59.7)
	\$ 159.4	\$ 204.0	\$ (44.6)	\$ 354.5	\$ 408.6	\$ (54.1)
			18.6 %			13.4 %
			8.1 %			4.4 %

The following tables outline by quarter and full year the 2019 net sales and income from operations, and the full year adjusted diluted earnings per share, illustrating the impact of businesses divested and to be exited.

	Commercial Systems	Industrial Systems	Climate Solutions	Power Transmission Solutions	Total Regal
Fiscal 2019 First Quarter Schedule for Ongoing Business					
Net Sales Three Months Ended March 30, 2019	\$ 242.2	\$ 138.1	\$ 263.3	\$ 210.2	\$ 853.8
Net Sales from Businesses Divested/to be Exited	(12.4)	-	(15.5)	(5.6)	(33.5)
Adjusted Net Sales from Ongoing Business	<u>\$ 229.8</u>	<u>\$ 138.1</u>	<u>\$ 247.8</u>	<u>\$ 204.6</u>	<u>\$ 820.3</u>
GAAP Income (Loss) from Operations Three Months Ended March 30, 2019	\$ 57.8	\$ (4.3)	\$ 38.9	\$ 28.2	\$ 120.6
Restructuring and Related Costs	1.2	0.9	0.1	0.1	2.3
Purchase Accounting and Transaction Costs	0.1	-	-	-	0.1
(Gain) Loss on Businesses Divested and Assets to be Exited	(34.6)	1.0	1.3	1.1	(31.2)
Operating Income from Businesses Divested/to be Exited	(1.7)	-	(1.9)	(0.3)	(3.9)
Executive Transition Costs	0.4	0.3	0.5	0.4	1.6
Adjusted Income (Loss) from Operations of Ongoing Business	<u>\$ 23.2</u>	<u>\$ (2.1)</u>	<u>\$ 38.9</u>	<u>\$ 29.5</u>	<u>\$ 89.5</u>
Ongoing Business Adjusted Operating Margin %	10.1 %	(1.5)%	15.7 %	14.4 %	10.9 %
Fiscal 2019 Second Quarter Schedule for Ongoing Business					
Net Sales Three Months Ended June 29, 2019	\$ 246.3	\$ 155.5	\$ 267.9	\$ 204.0	\$ 873.7
Net Sales from Businesses Divested/to be Exited	(12.6)	-	(5.6)	-	(18.2)
Adjusted Net Sales from Ongoing Business	<u>\$ 233.7</u>	<u>\$ 155.5</u>	<u>\$ 262.3</u>	<u>\$ 204.0</u>	<u>\$ 855.5</u>
GAAP Income (Loss) from Operations Three Months Ended June 29, 2019	\$ 20.8	\$ (1.3)	\$ 51.7	\$ 24.8	\$ 96.0
Restructuring and Related Costs	1.1	1.5	0.6	0.4	3.6
(Gain) Loss on Businesses Divested and Assets to be Exited	1.8	-	(6.1)	0.1	(4.2)
Operating Income from Businesses Divested/to be Exited	(1.6)	-	(0.1)	-	(1.7)
Executive Transition Costs	0.1	-	-	-	0.1
Adjusted Income from Operations of Ongoing Business	<u>\$ 22.2</u>	<u>\$ 0.2</u>	<u>\$ 46.1</u>	<u>\$ 25.3</u>	<u>\$ 93.8</u>
Ongoing Business Adjusted Operating Margin %	9.5 %	0.1 %	17.6 %	12.4 %	11.0 %

The following tables outline by quarter and full year the 2019 net sales and income from operations, and the full year adjusted diluted earnings per share, illustrating the impact of businesses divested and to be exited.

	<u>Commercial Systems</u>	<u>Industrial Systems</u>	<u>Climate Solutions</u>	<u>Power Transmission Solutions</u>	<u>Total Regal</u>
Fiscal 2019 Third Quarter Schedule for Ongoing Business					
Net Sales Three Months Ended September 28, 2019	\$ 214.8	\$ 143.8	\$ 230.9	\$ 182.8	\$ 772.3
Net Sales from Businesses Divested/to be Exited	-	-	(0.9)	-	(0.9)
Adjusted Net Sales from Ongoing Business	<u>\$ 214.8</u>	<u>\$ 143.8</u>	<u>\$ 230.0</u>	<u>\$ 182.8</u>	<u>\$ 771.4</u>
GAAP Income (Loss) from Operations Three Months Ended September 28, 2019	\$ 16.6	\$ (2.3)	\$ 37.6	\$ 20.9	\$ 72.8
Restructuring and Related Costs	2.5	3.1	0.8	0.9	7.3
Loss on Businesses Divested and Assets to be Exited	0.1	-	0.1	-	0.2
Operating Income from Businesses Divested/to be Exited	-	-	0.9	-	0.9
Executive Transition Costs	-	0.1	-	-	0.1
Adjusted Income from Operations of Ongoing Business	<u>\$ 19.2</u>	<u>\$ 0.9</u>	<u>\$ 39.4</u>	<u>\$ 21.8</u>	<u>\$ 81.3</u>
Ongoing Business Adjusted Operating Margin %	8.9 %	0.6 %	17.1 %	11.9 %	10.5 %
Fiscal 2019 Fourth Quarter Schedule for Ongoing Business					
Net Sales Three Months Ended December 28, 2019	\$ 175.9	\$ 120.6	\$ 178.2	\$ 159.4	\$ 634.1
Net Sales from Businesses Divested/to be Exited	-	-	-	-	-
Adjusted Net Sales from Ongoing Business	<u>\$ 175.9</u>	<u>\$ 120.6</u>	<u>\$ 178.2</u>	<u>\$ 159.4</u>	<u>\$ 634.1</u>
GAAP Income (Loss) from Operations Three Months Ended December 28, 2019	\$ 7.9	\$ (1.4)	\$ 35.7	\$ 19.5	\$ 61.7
Restructuring and Related Costs	7.0	2.9	2.7	5.5	18.1
Gain on Sale of Assets	-	-	(3.8)	-	(3.8)
Loss on Businesses Divested and Assets to be Exited	0.1	-	-	0.4	0.5
Operating (Income) Loss from Businesses Divested/to be Exited	-	-	0.6	-	0.6
Executive Transition Costs	0.1	0.1	0.1	0.1	0.4
Adjusted Income from Operations of Ongoing Business	<u>\$ 15.1</u>	<u>\$ 1.6</u>	<u>\$ 35.3</u>	<u>\$ 25.5</u>	<u>\$ 77.5</u>
Ongoing Business Adjusted Operating Margin %	8.6%	1.3%	19.8%	16.0%	12.2%

The following tables outline by quarter and full year the 2019 net sales and income from operations, and the full year adjusted diluted earnings per share, illustrating the impact of businesses divested and to be exited.

	<u>Commercial Systems</u>	<u>Industrial Systems</u>	<u>Climate Solutions</u>	<u>Power Transmission Solutions</u>	<u>Total Regal</u>
Fiscal 2019 Twelve Months Ended for Ongoing Business					
Net Sales Twelve Months Ended December 28, 2019	\$ 879.2	\$ 558.0	\$ 940.3	\$ 756.4	\$ 3,133.9
Net Sales from Businesses Divested/to be Exited	(25.0)	-	(22.0)	(5.6)	(52.6)
Adjusted Net Sales from Ongoing Business	<u>\$ 854.2</u>	<u>\$ 558.0</u>	<u>\$ 918.3</u>	<u>\$ 750.8</u>	<u>\$ 3,081.3</u>
GAAP Income (Loss) from Operations Nine Months Ended December 28, 2019	\$ 103.1	\$ (9.3)	\$ 163.9	\$ 93.4	\$ 351.1
Restructuring and Related Costs	11.8	8.4	4.2	6.9	31.3
Purchase Accounting and Transaction Costs	0.1	-	-	-	0.1
Gain on Sale of Assets	-	-	(3.8)	-	(3.8)
(Gain) Loss on Businesses Divested and Assets to be Exited	(32.6)	1.0	(4.7)	1.6	(34.7)
Operating Income from Businesses Divested/to be Exited	(3.3)	-	(0.5)	(0.3)	(4.1)
Executive Transition Costs	0.6	0.5	0.6	0.5	2.2
Adjusted Income from Operations of Ongoing Business	<u>\$ 79.7</u>	<u>\$ 0.6</u>	<u>\$ 159.7</u>	<u>\$ 102.1</u>	<u>\$ 342.1</u>
Ongoing Business Adjusted Operating Margin %	9.3 %	0.1 %	17.4 %	13.6 %	11.1 %
2019 ADJUSTED DILUTED EARNINGS PER SHARE FOR ONGOING BUSINESS					
	Three Months Ended				Twelve Months Ended Dec 28, 2019
	Mar 30, 2019	Jun 29, 2019	Sep 28, 2019	Dec 28, 2019	
Adjusted Diluted Earnings Per Share	\$ 1.43	\$ 1.52	\$ 1.35	\$ 1.25	\$ 5.55
Earnings Per Share from Businesses Divested/to be Exited	(0.03)	(0.03)	-	-	(0.06)
Adjusted Diluted Earnings Per Share for Ongoing Business	<u>\$ 1.40</u>	<u>\$ 1.49</u>	<u>\$ 1.35</u>	<u>\$ 1.25</u>	\$ 5.49

Shipping Days	1Q	2Q	3Q	4Q	FY
2014	63	63	63	64	253
2015	64	63	64	59	250
2016	64	64	63	60	251
2017	64	63	63	60	250
2018	63	64	63	61	251
2019	63	63	63	61	250
2020	63	63	63	64	253

- Regal operates on a 52/53 week fiscal year ending on the Saturday closest to December 31
- Fiscal Years 2015, 2016, 2017, 2018 and 2019 have 52 weeks
- Fiscal Year 2014 and 2020 have 53 weeks