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Q2 2021 EARNINGS PRESENTATION

AUGUST 9, 2021

FORWARD-LOOKING STATEMENTS

This presentation contains, and management may make on our call today, 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, financial results including growth and margin improvement, the robust demand environment (including strong order intake trends and growing pipeline of opportunities), price offset on materials and logistics, liquidity and capital resources including deleveraging, investment in working capital, productivity and product initiatives, portfolio optimization, increased optionality to accelerate growth inorganically, and statements regarding the impact of and the recovery from the COVID-19 pandemic and our outlook for 2021. 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 including inflation, supply chain and labor challenges and end-market recovery, 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 January 2, 2021, filed with the Securities and Exchange Commission ("SEC"), 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

This presentation includes certain non-GAAP financial measures, which management believes are useful to investors. Non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation and our earnings release filed with the SEC and posted on our website at investors.gates.com for a reconciliation of historical non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP.

Because GAAP financial measures on a forward-looking basis are not accessible, and reconciling information is not available without unreasonable effort, we have not provided reconciliations for forward-looking non-GAAP measures. For the same reasons, we are unable to address the probable significance of the unavailable information, which could be material to future results.

ROUNDING ADJUSTMENTS

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.

Q2 2021 – OVERVIEW

- **Record revenue and profitability, with strong operating leverage**
- **Robust underlying demand and favorable secular trends across the business**
  - Accelerating market recovery – industrial end markets contributing most significantly to growth
  - Above-market growth – HSD share gains from new products and initiatives
  - Continued momentum with commercial initiatives and new products, growing pipeline of opportunities
- **Solid operational execution – delivering in a complex environment**
  - Navigating supply chain and labor challenges to support customer needs
  - Price offsetting significant inflation on materials and logistics
- **Balance sheet continues to strengthen as deleveraging accelerates**
- **Raising full-year guidance**

Q2 2021 – FINANCIAL PERFORMANCE

58.7%

Revenue Growth

$915M of Net Sales

51% core growth year-over-year

- Strong growth across end markets, led by Diversified Industrial, Off-Highway, Mobility & Recreation and Automotive
- Initiatives and accelerating new product sales continue to drive above-market growth

23.6%

Adjusted EBITDA Margin

$216M of Adjusted EBITDA

160% growth year-over-year

- Margin expansion of 920 bps – price, volume, productivity initiatives, and restructuring offsetting inflation & supply chain headwinds
- Core incremental margin[1] of 40%

$0.42

Adjusted Earnings per Share[2]

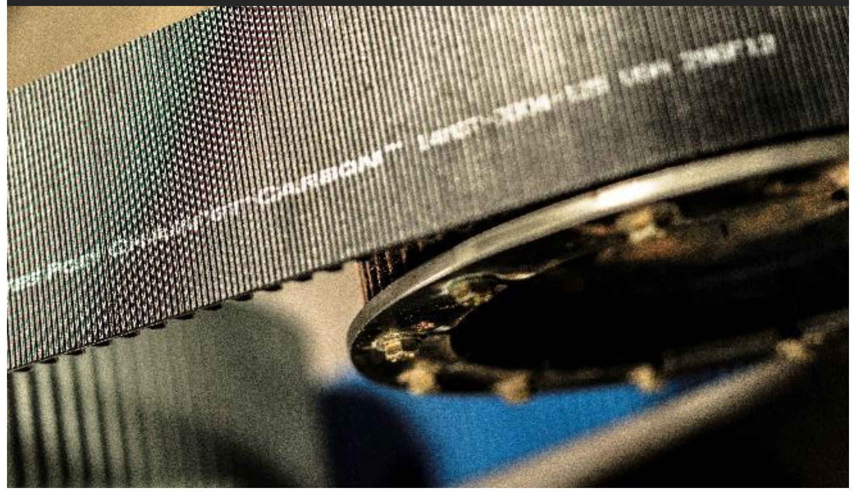
Year-over-year increase of over 1,300%

- Increase driven by significant growth in operating income

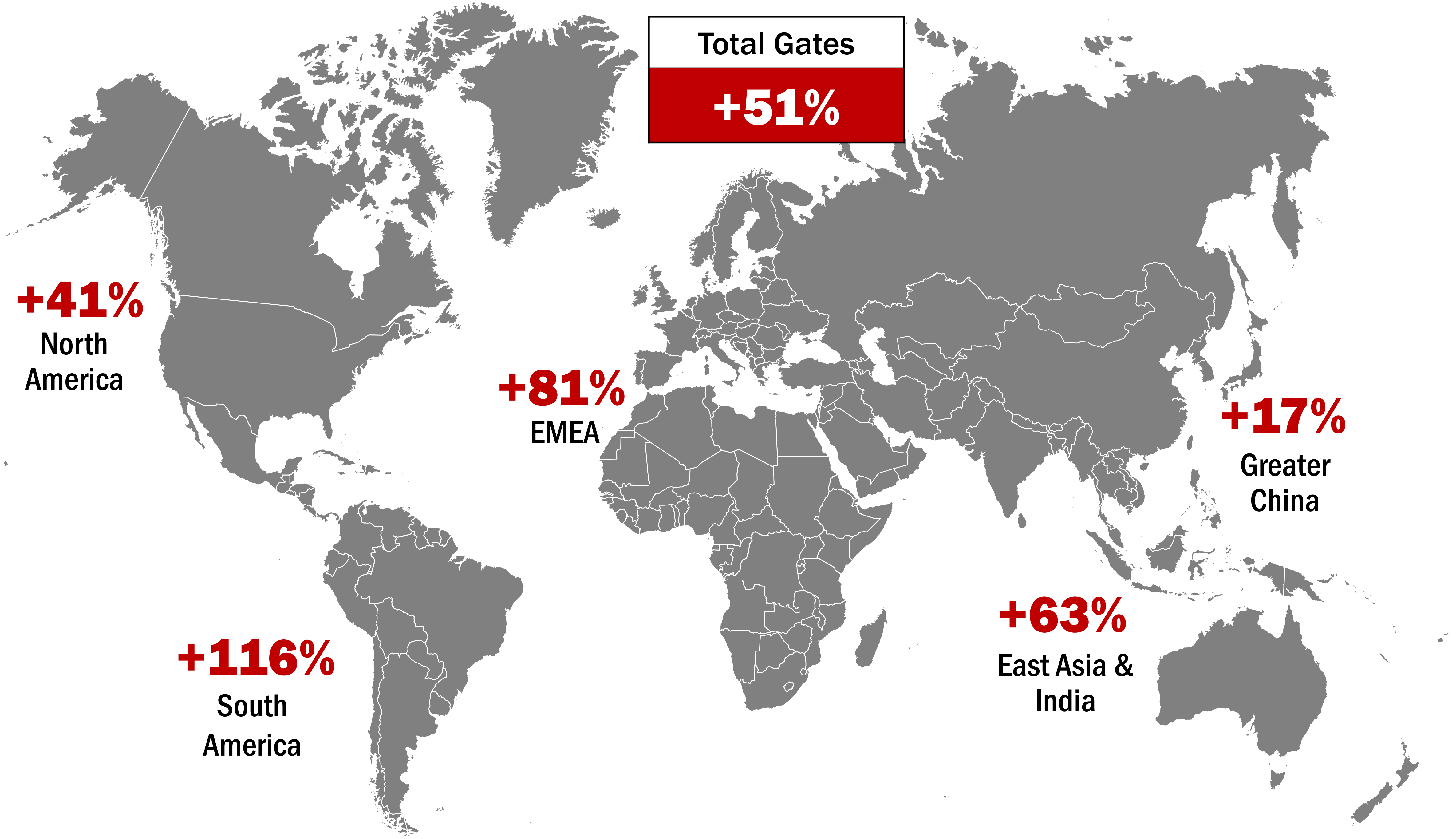
RECORD RESULTS AMID CHALLENGING OPERATIONAL BACKDROP

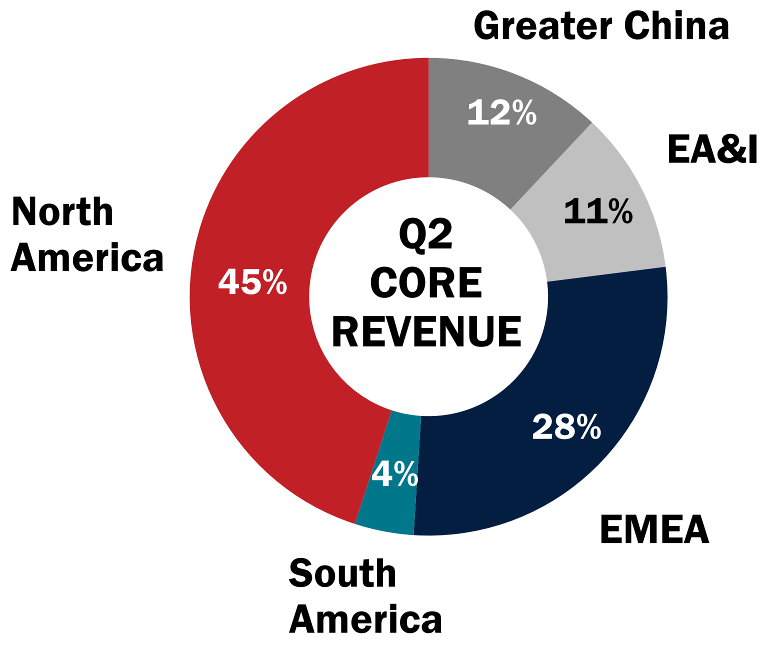
(1) Core incremental margin is calculated as the change in Adjusted EBITDA (excluding FX) vs. the prior-year period divided by the change in core revenue vs. the prior-year period
(2) Adjusted Net Income per diluted share

Q2 2021 – SEGMENT HIGHLIGHTS

	NET SALES	ADJUSTED EBITDA MARGIN	HIGHLIGHTS
POWER TRANSMISSION 	**$589M** **51.1%** Core Growth vs. Q2 ’20 **15.7%** vs. Q2 ’19	**25.4%** **+980 bps** vs. Q2 ’20 **+430 bps** vs. Q2 ’19	▪ Initiatives in Diversified Industrial, Off-Highway and Mobility & Recreation end markets driving low-double-digit above-market growth ▪ Chain-to-Belt sales up over 60%, key wins in warehouse automation, chemical processing, food/beverage and e-mobility applications ▪ Core revenue ahead of Q2 ’19, while reducing automotive OEM participation
FLUID POWER 	**$327M** **50.8%** Core Growth vs. Q2 ’20 **4.6%** vs. Q2 ’19	**20.3%** **+800 bps** vs. Q2 ’20 **+90 bps** vs. Q2 ’19	▪ New product sales up over 90% year-over-year ▪ High-single-digit above-market growth driven by initiatives in Diversified Industrial and Off-Highway end markets ▪ Key wins in mining, agriculture and pulp & paper applications ▪ Core revenue ahead of Q2 ’19 with end-market trends still improving and new products gaining momentum

Q2 2021 – REGIONAL CORE REVENUE PERFORMANCE





SUPPORTIVE END MARKETS, STRONG PROGRESS WITH GROWTH INITIATIVES GLOBALLY

Q2 2021 – CAPITAL EFFICIENCY & CASH FLOW

$265M

LTM Free Cash Flow

Solid Free Cash Flow while investing to support exceptionally strong growth

- Free Cash Flow Conversion 89% of Adjusted Net Income in Q2
- Investment in working capital expected to normalize in back half of the year

3.0x

Net Leverage

Net Leverage now in targeted mid-term range of 2.0x-3.0x

- Cash generation and Adjusted EBITDA growth driving accelerated deleverage
- Improvement of 1.8x compared to prior-year Q2

20.9%

ROIC

ROIC improving towards mid-20% range

- Improvement of 630 bps compared to prior-year Q2
- Higher operating income offsetting increased investment to fund growth

ACCELERATED DELEVERAGING & STRONG FREE CASH FLOW GENERATION PROVIDE INCREASED OPTIONALITY

Notes: LTM Free Cash Flow: Net Cash Provided by Operations minus capital expenditures; Free Cash Flow Conversion shown as % of Adjusted Net Income
Net Leverage: Net Debt (defined as the principal amount of our debt less the carrying amount of cash and cash equivalents) divided by LTM Adjusted EBITDA
ROIC: Tax-effected LTM Adjusted EBIT divided by total assets minus cash, accounts payable, deferred tax assets, taxes receivable and intangibles related to 2014 acquisition of Gates

2021 OUTLOOK

CORE REVENUE GROWTH	ADJUSTED EBITDA MARGIN	CAPITAL EXPENDITURES (USD IN MILLIONS)	FREE CASH FLOW CONVERSION
20% – 22%	**22.2% – 22.8%**	**$90 – $110**	**> 80%**
Previously **18% – 21%**	Previously **22.0% – 22.8%**	No Change	No Change

- **Q3 expected to deliver strong year-over-year growth and margin improvement**
  - Revenue expected to be in the range of $845M to $865M, 20% year-over-year growth at midpoint
    - Return to more normal seasonality, persisting supply chain and labor challenges
  - Adjusted EBITDA expected to be $183M to $196M, 35% year-over-year growth at midpoint

SUMMARY

- **Excellent results in a challenging environment**
- **Robust demand environment**
  - Supportive underlying demand, strong order intake trends
  - Initiatives and new products accelerating, capitalizing on secular momentum
- **Strong incremental margins**
  - Productivity initiatives, restructuring benefits and volume driving margins
  - Mitigating margin headwind with price offsetting inflation on dollar basis
- **Portfolio optimization taking hold**
  - Multi-year effort to improve participation in profitable, higher-growth industrial end markets
  - Automotive OEM exposure reduced to ~10% of total revenue in H1
- **Increased optionality to accelerate growth through M&A**

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APPENDIX

ADJUSTED EPS – SUMMARY WALK

Q2 2020	**$0.03**	
OPERATING PERFORMANCE	0.45	Revenue growth and margin improvement
INCOME TAX EXPENSE	(0.04)	Higher income tax expense from higher pre-tax income
OTHER	(0.02)	
Q2 2021	**$0.42**	

RECONCILIATIONS – ADJUSTED EBITDA AND NET LEVERAGE

(USD in millions)

	Q2 2021	Q2 2020	LTM Q2 2021	LTM Q2 2020
Reconciliation to Adjusted EBITDA				
Net Income (Loss) from Continuing Operations	**$ 105.4**	**$ (27.8)**	**$ 260.1**	**$ 75.0**
Adjusted for:				
Income tax expense (benefit)	11.6	0.6	26.7	(9.2)
Net interest and other expenses	32.1	30.6	140.2	140.7
Depreciation and amortization	56.9	54.7	221.7	219.5
Transaction-related expenses	0.2	-	8.0	2.7
Asset impairments	-	3.7	1.5	4.4
Restructuring expenses	3.7	17.2	24.8	21.5
Share-based compensation expense	6.5	5.7	24.0	17.2
Sponsor fees (included in other operating expenses)	-	-	0.2	4.4
Inventory impairments (included in cost of sales)	0.1	1.4	0.1	2.3
Severance expenses (included in cost of sales)	-	0.5	0.4	4.1
Severance expenses (included in SG&A)	-	0.3	7.5	3.0
Other items not directly related to current operations	(0.5)	(3.7)	(0.3)	(1.5)
Adjusted EBITDA	**$ 216.0**	**$ 83.2**	**$ 714.9**	**$ 484.1**
Adjusted EBITDA margin				
Net Sales	$ 915.1	$ 576.5	$ 3,302.8	$ 2,758.9
Adjusted EBITDA	$ 216.0	$ 83.2	$ 714.9	$ 484.1
Adjusted EBITDA margin	**23.6%**	**14.4%**	**21.6%**	**17.5%**
Reconciliation to Net Leverage				
Total principal amount of debt			$ 2,615.9	$ 2,975.3
Less: Cash and cash equivalents			473.3	639.7
Net Debt			**$ 2,142.6**	**$ 2,335.6**
Net Leverage (net debt divided by LTM Adjusted EBITDA)			**3.0 x**	**4.8 x**

RECONCILIATIONS – ADJUSTED NET INCOME

(USD in millions, except share numbers and per share amounts)	Q2 2021	Q2 2020	LTM Q2 2021	LTM Q2 2020
Reconciliation to Adjusted Net Income				
Net Income (Loss) Attributable to Shareholders	**$ 96.9**	**$ (22.4)**	**$ 230.4**	**$ 68.1**
Adjusted for:				
(Gain) loss on disposal of discontinued operations	(0.4)	0.2	(0.2)	0.3
Amortization of intangible assets arising from the 2014 acquisition of Gates	30.2	28.8	120.0	117.0
Transaction-related expenses	0.2	-	8.0	2.7
Asset impairments	-	3.7	1.5	4.4
Restructuring expenses	3.7	17.2	24.8	21.5
Share-based compensation expense	6.5	5.7	24.0	17.2
Sponsor fees (included in other operating expenses)	-	-	0.2	4.4
Inventory impairments (included in cost of sales)	0.1	1.4	0.1	2.3
Adjustments relating to post-retirement benefits	(1.1)	(0.7)	(5.6)	(2.5)
Financing-related FX losses (gains)	0.4	(2.2)	(1.9)	(2.1)
Other adjustments (1)	(2.8)	(14.2)	(1.7)	(12.3)
Estimated tax effect of the above adjustments	(8.1)	(8.1)	(42.7)	(28.3)
Adjusted Net Income	**$ 125.6**	**$ 9.4**	**$ 356.9**	**$ 192.7**
Diluted weighted average number of shares outstanding	297,774,142	290,732,375		
Adjusted Net Income per diluted share	**$ 0.42**	**$ 0.03**		

(1) During the three and twelve months ended June 27, 2020, other adjustments included $11.3 million and $17.9 million in relation to the non-controlling interest share of the adjustments above, primarily restructuring expenses incurred in relation to the closure of our manufacturing facility in Korea.

RECONCILIATIONS – FREE CASH FLOW AND FREE CASH FLOW CONVERSION

(USD in millions)

	Q2 2021	Q2 2020	LTM Q2 2021	LTM Q2 2020
Reconciliation of Free Cash Flow				
Net Cash Provided By Operating Activities	$ 135.8	$ 40.5	$ 349.2	$ 356.7
Capital Expenditures [1]	(23.8)	(12.7)	(83.8)	(68.6)
Free Cash Flow	**$ 112.0**	**$ 27.8**	**$ 265.4**	**$ 288.1**

(USD in millions)

	Q2 2021	Q2 2020	LTM Q2 2021	LTM Q2 2020
Reconciliation of Free Cash Flow Conversion				
Free Cash Flow	$ 112.0	$ 27.8	$ 265.4	$ 288.1
Adjusted Net Income	$ 125.6	$ 9.4	$ 356.9	$ 192.7
Free Cash Flow Conversion	**89.2%**	**295.7%**	**74.4%**	**149.5%**

(1) Capital expenditures represent purchases of property, plant and equipment and purchases of intangible assets.

RECONCILIATIONS – RETURN ON INVESTED CAPITAL (ROIC)

(USD in millions)	Q2 2021	Q2 2020
Return On Invested Capital (ROIC)		
LTM Adjusted EBITDA	**$ 714.9**	**$ 484.1**
LTM Total depreciation and amortization	(221.7)	(219.5)
LTM Amortization of intangible assets arising from the 2014 acquisition of Gates	120.0	117.0
LTM Adjusted EBIT	**613.2**	**381.6**
Notional tax at 25%	(153.3)	(95.4)
LTM Tax-effected Adjusted EBIT	**$ 459.9**	**$ 286.2**
Total Assets	$ 7,497.7	$ 7,176.3
Adjusted for:		
Cash	(473.3)	(639.7)
Taxes receivable	(42.0)	(54.4)
Deferred tax assets	(635.8)	(575.7)
Accounts payable	(479.7)	(317.8)
Intangibles arising from the acquisition of Gates	(3,668.6)	(3,628.2)
Invested Capital	**$ 2,198.3**	**$ 1,960.5**
Return On Invested Capital	**20.9%**	**14.6%**