Q2 2018 EARNINGS PRESENTATION

AUGUST 1, 2018

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This presentation contains, and management may make on our call today, certain “forward-looking statements” within the meaning of the federal securities laws. Forward-looking statements include all statements that do not relate solely to historical or current facts, and you can identify 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. Such forward-looking statements are subject to various risks and uncertainties.

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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 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.

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 HIGHLIGHTS

- **Record quarterly net sales of $875M represents 13.8% growth**
  - Accelerating core revenue growth
  - Continued strong growth in emerging markets
- **Record quarterly Adjusted EBITDA of $205M and Adjusted EBITDA Margin of 23.4%**
  - +15 bps over prior year, +60 bps excluding the impact of acquisitions
  - Realized additional positive impacts from higher net sales and the Gates Production System
- **Continuing to invest in large, organic growth opportunities**
  - Additional Fluid Power capacity progressing according to plan
  - R&D and product line capabilities to advance our hydraulics and chain-to-belt initiatives
- **Key new product launch of next-generation MXT family of hydraulic hoses**
  - Premium, multi-purpose hydraulic hoses to meet replacement and first-fit market needs
  - Simplifies product sourcing, provides increased flexibility and engineered to the highest quality standards

Note: Core revenue growth excludes impact of movements in average currency exchange rates and acquisitions completed in the last 12 months

POWER TRANSMISSION – Q2 HIGHLIGHTS

Highlights:

- Balanced core revenue growth across all end markets
  - Particularly strong growth in Brazil and China
- Strong core revenue growth in the automotive replacement channel
- Chain-to-belt progress continues
  - Key wins in lumber, personal mobility, packaging and food & beverage applications
- Q2 Adjusted EBITDA margin expansion of 70 bps
  - Offsetting inflation with price and manufacturing improvements

Automotive Replacement Growth

Brand strength, product coverage and geographic presence contributed to strong performance in the automotive replacement business in Q2, with global revenue growth of over 8%.

(USD in millions)	Q2 2018	Q2 2017	% Δ
NET SALES	$549.6	$510.8	+7.6%
ADJ. EBITDA	$133.3	$120.4	+10.7%
ADJ. EBITDA MARGIN	24.3%	23.6%	+70 bps
DEPRECIATION & AMORTIZATION[1]	$15.2	$14.5	+4.8%
AMORT. OF INTANGIBLES FROM ACQ. OF GATES	$19.0	$21.2	(10.4%)

REVENUE GROWTH:

Core	5.0%
FX	2.6%
Acq.	–
Total	7.6%

(1) Excludes the amortization of intangible assets arising from the 2014 acquisition of Gates.

FLUID POWER – Q2 HIGHLIGHTS

Highlights:

- Growth driven by industrial market demand, particularly in emerging markets, and the impact from acquisitions
  - Hydraulics backlog remained largely unchanged in Q2
- Adjusted EBITDA margin expansion of 50 bps over Q2 of prior year (excluding acquisitions)
  - Offsetting inflation with price and manufacturing improvements
- Launched MXT™ family of next-generation, premium hydraulic hoses
  - Positive market feedback on performance and ease of installation

Innovation Expanding Portfolio of Premium Products

MXT™ is the next-generation family of premium hydraulic hoses and leverages not only Gates' materials science expertise, but also process engineering capabilities to deliver a lighter-weight and more flexible solution for customers without compromising performance

(USD in millions)	Q2 2018	Q2 2017	% Δ
NET SALES	$325.5	$258.3	+26.0%
ADJ. EBITDA	$71.6	$58.6	+22.2%
ADJ. EBITDA MARGIN	22.0%	22.7%	-70 bps
ADJ. EBITDA MARGIN EX-ACQ.	23.2%	22.7%	+50 bps
DEPRECIATION & AMORTIZATION[1]	$9.1	$7.4	+23.0%
AMORT. OF INTANGIBLES FROM ACQ. OF GATES	$11.3	$10.7	+5.6%

REVENUE GROWTH:

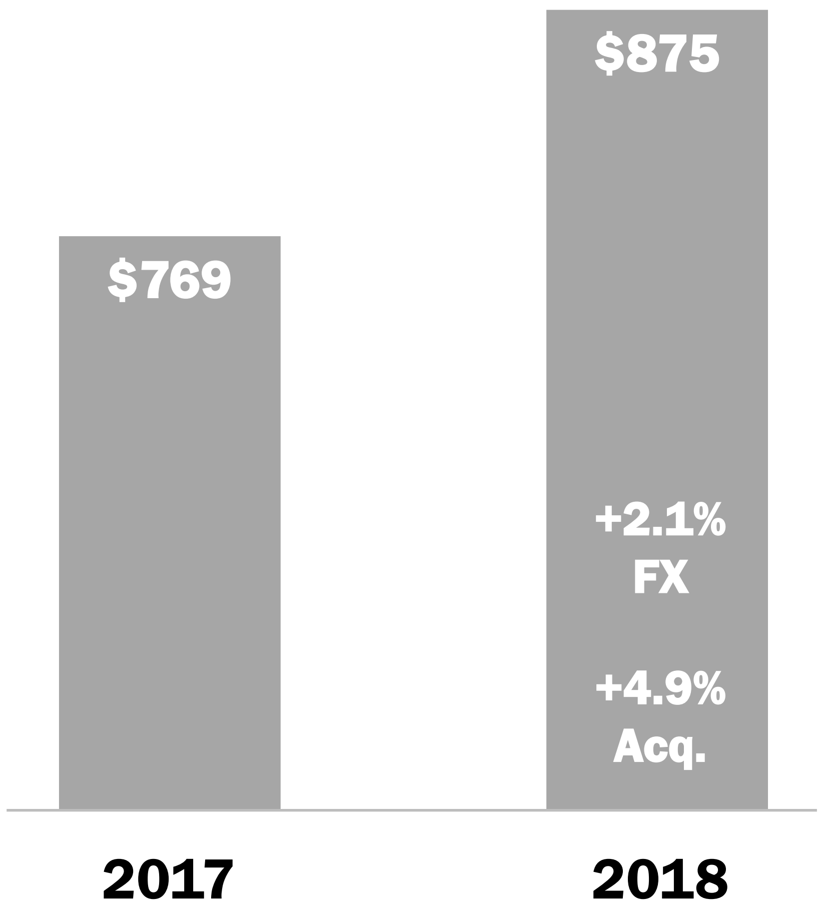
Core	+10.1%
FX	+1.2%
Acq.	+14.7%
Total	+26.0%

(1) Excludes the amortization of intangible assets arising from the 2014 acquisition of Gates.

Q2 2018 FINANCIAL PERFORMANCE

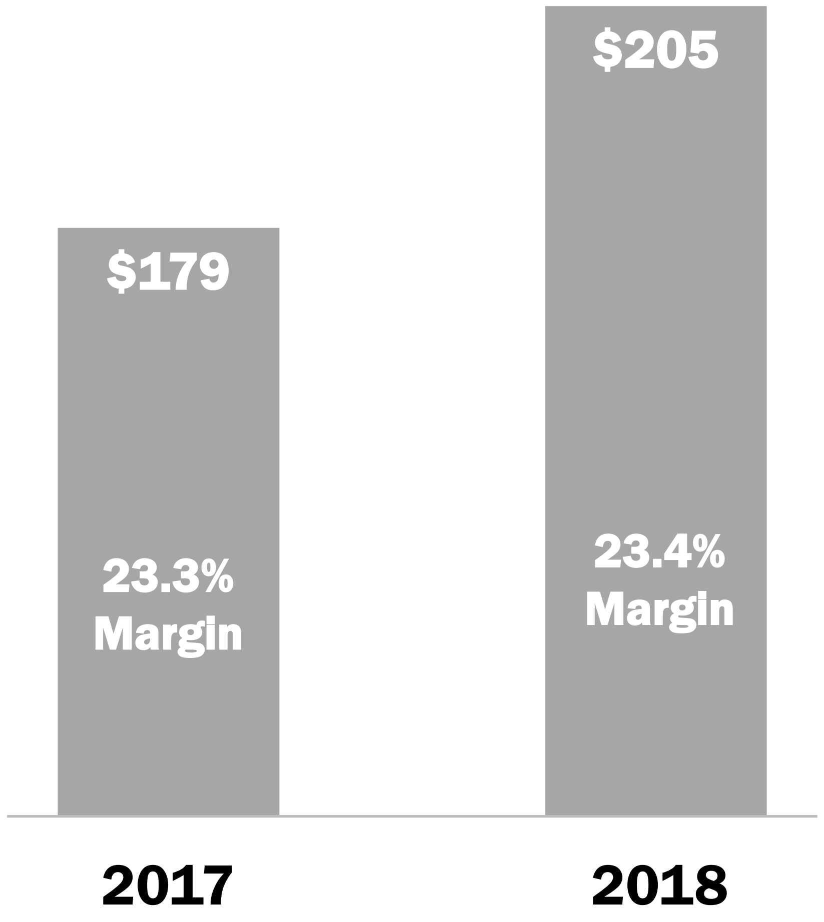
USD in millions

NET SALES



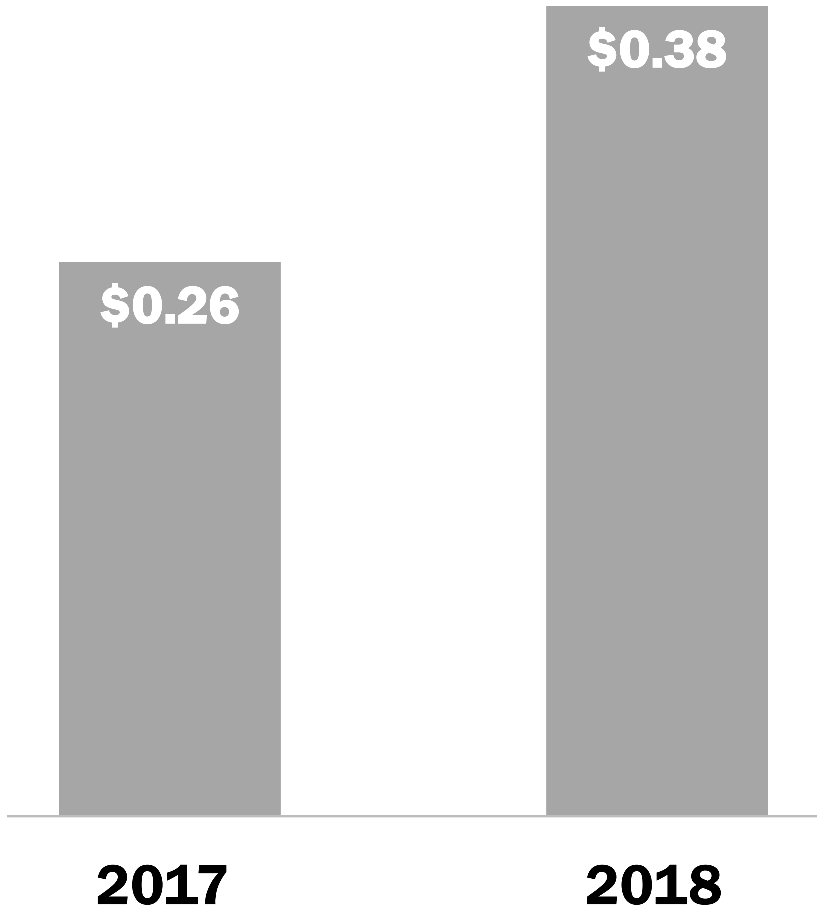
Up 13.8%
6.7% Core Growth

ADJUSTED EBITDA



Margin of 23.9% excl. acquisitions, up 60 bps

ADJUSTED EPS[1]



Driven by operating performance & reduced interest expense

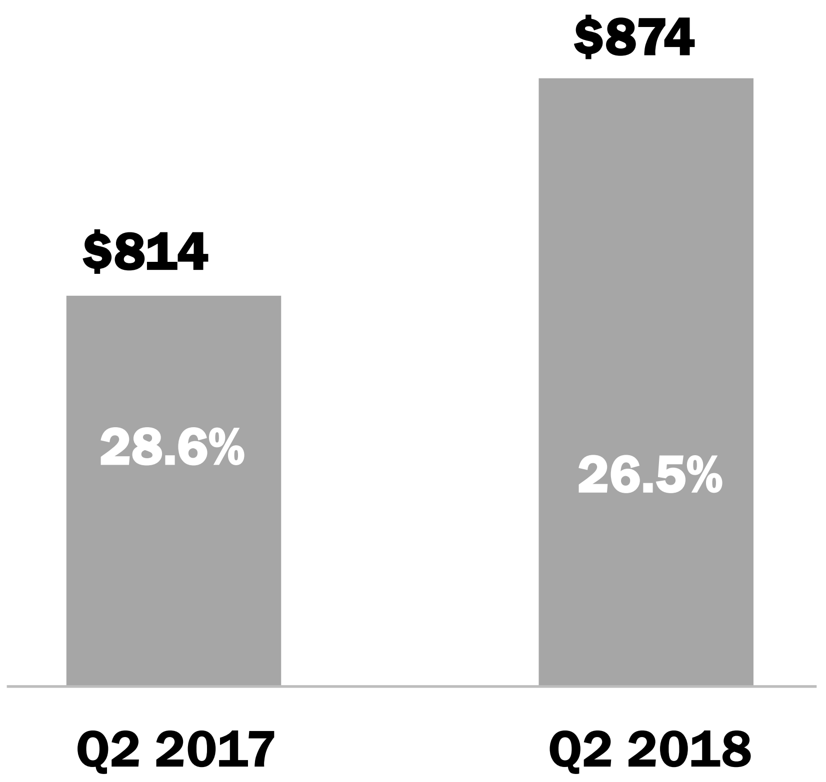
RECORD QUARTER FOR NET SALES, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

(1) Adjusted Net Income per diluted share

BALANCE SHEET AND LIQUIDITY

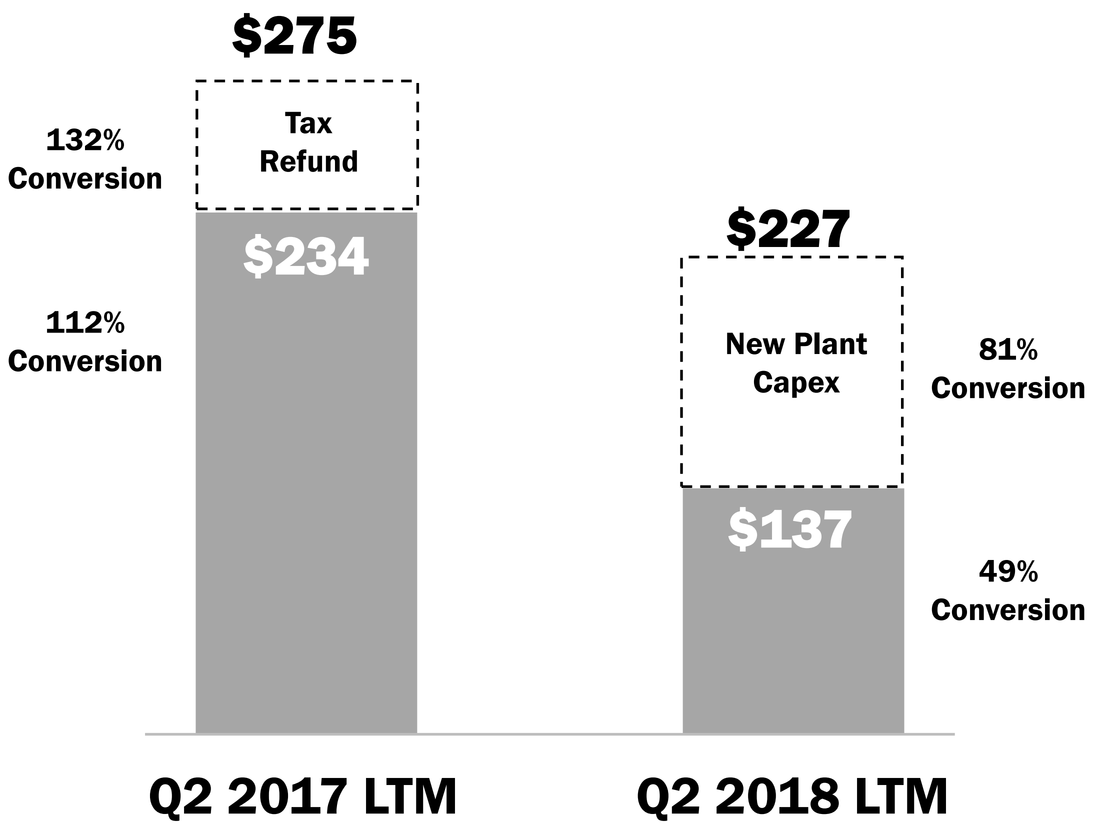
USD in millions, except multiple data

TRADE WORKING CAPITAL



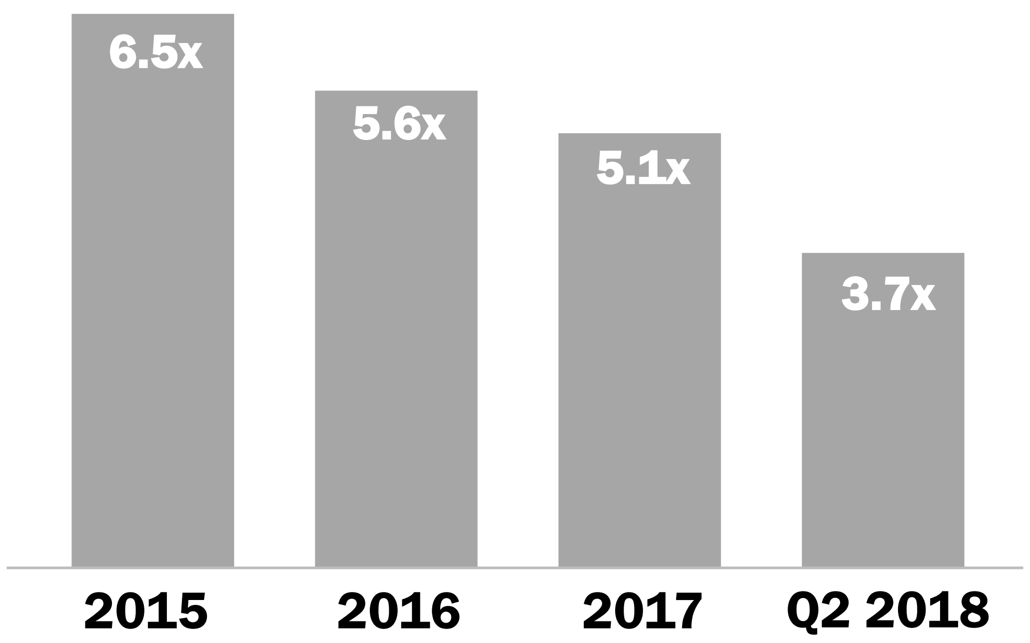
Improved 190 bps as % of LTM net sales, excluding acquisitions

FREE CASH FLOW



Continuing to invest in growth initiatives

LEVERAGE



Ongoing focus on deleveraging

CONTINUING TO DELEVERAGE WHILE INVESTING IN GROWTH

Note: Trade Working Capital: Trade Accounts Receivable plus Inventory minus Trade Accounts Payable
LTM Free Cash Flow: Net Cash Provided by Operations minus capital expenditures; Free Cash Flow Conversion shown as % of Adjusted Net Income
Leverage: Net Debt divided by LTM Adjusted EBITDA

2018 OUTLOOK

USD in millions	PREVIOUS	CURRENT
Revenue Growth	8.0% – 11.0%	10.0% – 12.0%
Core Revenue Growth	5.0% – 6.0%	6.0% – 7.0%
Adjusted EBITDA	$738 – $758	$745 – $765
Capital Expenditures	$150 – $170	~$180

- Raising 2018 guidance for revenue growth, Adjusted EBITDA and capex
  - Increased capex reflects our commitment to organic growth initiatives with attractive returns

KEY TAKEAWAYS FROM Q2

- **Positive momentum continued through Q2**
  - Supportive demand environment, key initiatives and emerging markets presence continue to drive strong core revenue growth
  - Delivering margin expansion and managing price/material cost environment
  - Solid contribution from our acquisitions, which are benefitting from strong industrial end markets
- **Continuing to invest in growth**
  - Investment in additional Fluid Power capacity remains on track; initial benefits beginning in Q3
  - Strengthening engineering and commercial product line capabilities
- **Raising full-year 2018 outlook**
  - End market environment remains supportive
  - Increasing revenue growth and Adjusted EBITDA guidance
  - Additional growth capex has been allocated to accelerate key organic initiatives

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APPENDIX

RECONCILIATIONS – ADJUSTED EBITDA

(USD in millions)

	Q2 2018	Q2 2017	LTM Q2 2018	LTM Q2 2017
Reconciliation to Adjusted EBITDA				
Net income	**$ 92.6**	**$ 8.0**	**$ 270.3**	**$ 79.1**
Adjusted for:				
Loss (gain) on disposal of discontinued operations	0.3	0.3	(0.3)	(12.3)
Income tax expense (benefit)	11.5	4.5	(66.3)	26.2
Net interest and other expenses	36.5	103.9	247.3	263.9
Depreciation and amortization	54.6	53.8	215.6	211.9
Transaction-related costs	1.3	2.1	20.0	4.5
Impairment of intangibles and other assets	0.1	-	3.2	2.7
Restructuring expense	2.3	4.1	13.5	12.9
Share-based compensation	1.6	0.9	6.9	3.8
Sponsor fees (included in other operating expenses)	2.1	1.5	7.7	6.1
Inventory impairments and adjustments (included in cost of sales)	1.1	-	3.1	20.7
Other adjustments	0.9	(0.1)	4.9	3.9
Adjusted EBITDA	**$ 204.9**	**$ 179.0**	**$ 725.9**	**$ 623.4**

RECONCILIATIONS – ADJUSTED NET INCOME

(USD in millions)

	Q2 2018	Q2 2017	LTM Q2 2018	LTM Q2 2017
Reconciliation to Adjusted Net Income				
Net Income Attributable to Shareholders	**$ 85.6**	**$ 0.5**	**$ 241.8**	**$ 52.4**
Adjusted for:				
Loss (gain) on disposal of discontinued operations	0.3	0.3	(0.3)	(12.3)
Amortization of intangible assets arising from the 2014 acquisition of Gates	30.3	31.9	121.3	126.9
Transaction-related costs	1.3	2.1	20.0	4.5
Impairment of intangibles and other assets	0.1	-	3.2	2.7
Restructuring expense	2.3	4.1	13.5	12.9
Share-based compensation	1.6	0.9	6.9	3.8
Sponsor fees (included in other operating expenses)	2.1	1.5	7.7	6.1
Inventory impairments and adjustments (included in cost of sales)	1.1	-	3.1	21.7
Adjustments relating to post-retirement benefits	0.6	1.7	0.8	6.5
Premium on redemption of long-term debt	-	-	27.0	-
Financing-related FX (gains) losses	(3.4)	34.5	13.7	29.5
One-time deferred tax benefit from U.S. tax reform	-	-	(118.2)	-
Other adjustments	(1.4)	(2.5)	(6.3)	(7.9)
Estimated tax effect of the above adjustments	(8.4)	(10.2)	(52.5)	(39.3)
Adjusted Net Income	**$ 112.1**	**$ 64.8**	**$ 281.7**	**$ 207.5**