

RBC Bearings Investor Presentation

**Bank of America Global Industrials
Conference – London, UK
March 19, 2024**



Safe Harbor Statement



This document contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are “forward looking statements” for purposes of federal and state securities laws, including: projections of earnings, cash flows, revenue or other financial items; statement of the plans, strategies and objectives of management for future operations; statements concerning proposed new services or developments; statements regarding future economic or market conditions or performance; future growth rates in the markets we serve; statements regarding future raw materials costs or supply; statements of belief; and statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words “may,” “estimate,” “intend,” “plan,” “continue,” “believe,” “expect,” “anticipate” or other comparable terminology, or the negative of such terms. Although RBC believes that the expectations and assumptions reflected in any forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition, results of operations, and cash flows, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties beyond our control. These risks and uncertainties include those identified under the heading “Risk Factors” contained in our annual reports on Form 10-K filed with the SEC. RBC does not intend, and undertakes no obligation, to update or alter any forward-looking statement.

Financial Update

Key Highlights



Actual Results (as of Q3 FY2024):

- Adjusted EBITDA 30.7% December YTD FY24, up 210bps since March YTD FY21
- 11% CAGR on Net Sales over the last twenty-seven years
- Paid down \$550 million of debt since November 1, 2021 as of December 30, 2023
- Net Debt/Adjusted EBITDA: 2.5x
- Debt reduction #1 capital allocation priority at this time

RBC Bearings

RBC Bearings at a Glance

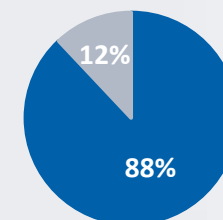


Leading international manufacturer of highly engineered precision bearings, components and essential systems for the industrial, aerospace & defense industries

RBC Founded in 1919 and publicly listed since 2005	~\$8.0B Market Capitalization	HQ Oxford, Connecticut	~5.3K Employees worldwide
53 Facilities in 11 different countries	Segments Industrial and Aerospace/ Defense	Sales ~14% CAGR over the past ten years	5 Year Adj. EBITDA growth 26.4% in FY2018 to 29.5% in FY2023

FY 2023	Q3 FY 2024 YTD	
\$1,469.3M	\$1,146.6M	Net Sales
41.2%	43.0%	Adj. Gross Margin %
\$304.6M	\$249.2M	Adj. Operating Income
\$433.9M	\$352.0M	Adj. EBITDA
\$217.6M	\$179.3M	Adj. Net Income Attributable to Common Stockholders
\$7.48	\$6.15	Adj. Diluted EPS

December YTD FY2024 Net Sales Metrics



■ Domestic ■ International

RBC Profile



RBC Bearings provides a balanced investment proposition to growth and value investors, supported by a long history of delivering strong top line growth and total shareholder returns

- 1 Market Leader:** Majority of sales from products where we command #1 or #2 market positions.
- 2 Diversified and Balanced Customer Base:** Serving large, industry-leading customers in a wide array of end markets, approximately 70% of sales primary or sole source products.⁽¹⁾
- 3 Significant Barriers to Entry:** Expansive installed base, proprietary designs and processes, well known and trusted brands, industry leading service levels.
- 4 Predictable Revenue Stream:** Strong recurring revenue driven by 'like-for-like' replacement cycle and OEM demand. More than half our revenues are for replacement products.
- 5 Proven Execution & Strong Fundamentals:** Net sales CAGR of 14% over past ten years; 30 acquisitions were integrated since 1992; disciplined capital allocation maintained with proven execution; approximately 30% EBITDA margins consistently achieved.

(1) Based on management estimates and assumptions.

End Market Overview



Highly Engineered Proprietary Product Designs for Diverse Markets

Aerospace & Defense (33% of Sales) ¹		Industrial (67% of Sales) ¹	
Commercial Aerospace and Space	Defense	Industrial OEM	Industrial Distribution
			
Significant content per platform, engine & airframe, qualified products	Demanding mission-critical functions with long expensive development cycle	Specialized designs with diverse uses for Industrial customers	Large base of “like for like” replacement

For more details on our full suite of products, please visit rbcbearings.com/products

(1) Based on results of YTD Q3 FY24

Diverse Customer Portfolio



Leading international manufacturer of highly engineered precision bearings, components and essential systems for the industrial, aerospace & defense industries

Aerospace & Defense

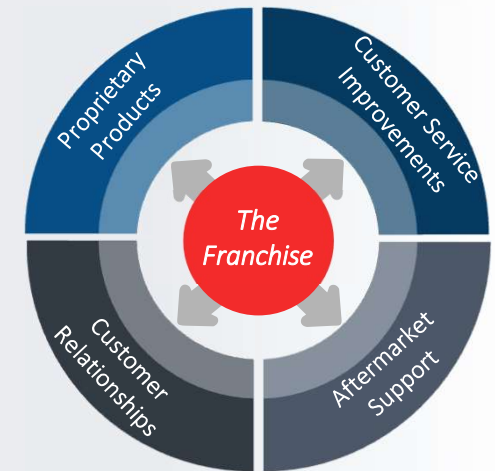


Industrial



Significant Barriers to Entry – “The Moat”

- 1 **Proprietary Products:** Significant portion of net sales from sole/primary-source - approximately 70%⁽¹⁾
- 2 **Customer Service:** Customer-focused technical sales organization with long-term relationships and award-winning service levels; Boeing Supplier of the Year in 2022
- 3 **Aftermarket Support:** Proprietary products serving Industrial, Aerospace & Defense programs, providing “like for like” replacement & certified products – estimated 68% of industrial revenues⁽¹⁾
- 4 **Strategic Inventory:** Constant evaluation and adjustments of working capital levels to ensure ability to respond to changing demands of OEM and immediate availability to distributor customers



(1) Based on management estimates and assumptions.

Stable Recurring Revenue Base – “The Franchise”



Long-Term customer relationships and frequent replacement cycles ensure a steady stream of recurring “like for like” revenue

1

Aftermarket: Stable aftermarket sales with “like for like” replacement cycle supporting topline stability. 68% replacement.⁽¹⁾

2

Long-Term Customer Relationships: History of long-term relationships with OEM customers supported through multi-year contracts .

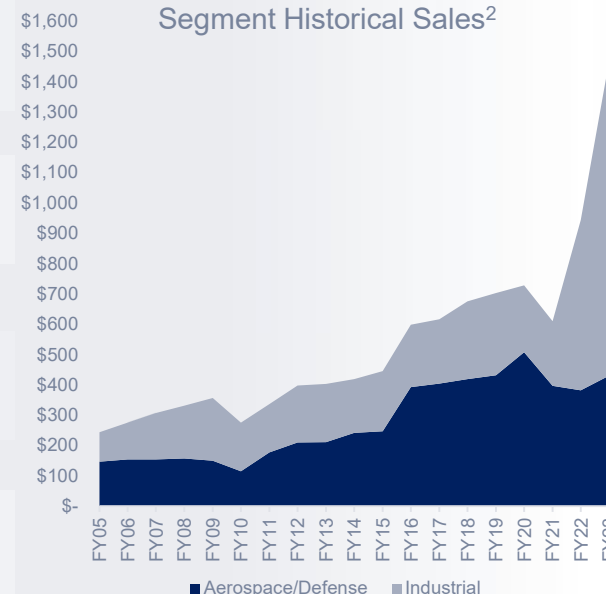
3

Backlog: \$652.1 million as of December 30, 2023; \$770.7 million including Sargent aerospace orders expected to be fulfilled > 12 months after December 30, 2023

4

Global Sales Team: Strong direct national and international sales force who are technically trained, product qualified, and customer-focused

Segment Historical Sales²



(1) Based on management estimates and assumptions of industrial sales.

(2) Segment sales were recast starting in FY20. Prior periods reflect historical methodology.

Industrial Segment



Rail



Construction and Mining



Energy



Semiconductors



Food & Beverage



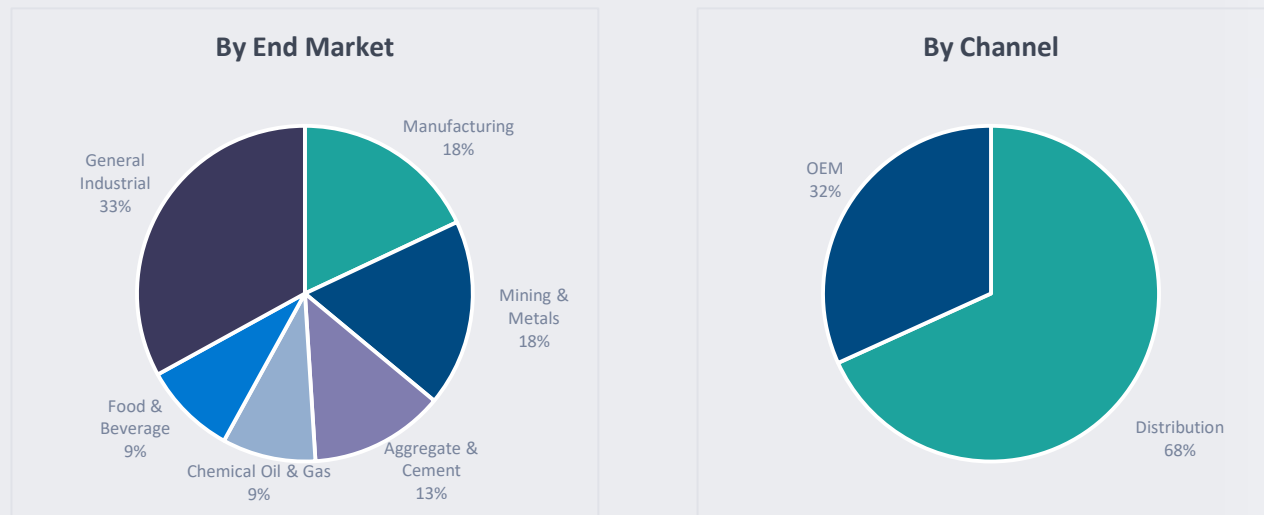
	Segment Revenue	Organic Growth	Adjusted Gross Margin
March 2023, Twelve Months	\$1,039.0 Million	9.8%	41.8%
December 2023, Nine Months	\$769.6 Million	0.4%	44.3%
December 2023, Three Months	\$244.7 Million	(0.6)%	42.8%

Industrial Segment



RBC Bearings operates in several end markets driving stable, sustained growth across several channels

RBC Industrial



Note: Estimated end market data based on domestic sourced sales. End markets and channels are based on internal definitions, estimates, and metrics considered by management and are periodically reviewed and updated when evaluating the performance of the business.

Aerospace and Defense Segment



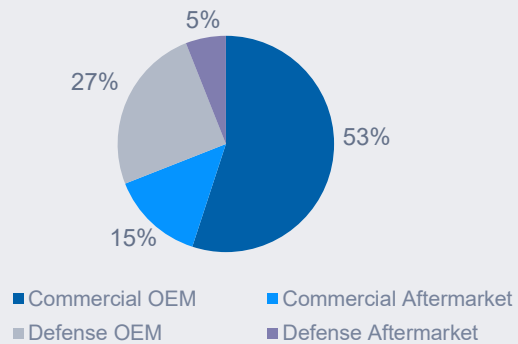
	Segment Revenue	Organic Growth	Adjusted Gross Margin
March 2023, Twelve Months	\$430.3 Million	12.8%	39.7%
December 2023, Nine Months	\$377.0 Million	22.2%	40.2%
December 2023, Three Months	\$129.2 Million	22.5%	41.2%

Aerospace

Demand Drivers:

- Substantial content per aircraft (Boeing/Airbus/Embraer)
- Certified products
- Increasing build rates
- New product introductions
- Valued supplier awards

Channel Sales¹



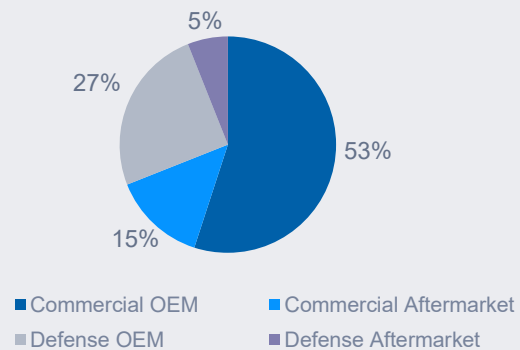
¹ Based on YTD Q3 FY24 sales. End markets and channels are based on internal definitions and metrics considered by management and are periodically reviewed and updated when evaluating the performance of the business.

Defense

Demand Drivers:

- Submarines – defense priority #1
- Long-range bomber
- ICBM retrofit
- Stand-off monitors
- Fleet MRO repairs

Channel Sales¹



¹ Based on YTD Q3 FY24 sales. End markets and channels are based on internal definitions and metrics considered by management and are periodically reviewed and updated when evaluating the performance of the business.



Strategic Growth Priorities



RBC Bearings has opportunities to increase penetration within new and existing markets

1

Go-to-Market Strategy OEM

2

Develop new products for
existing platforms

3

Increase aftermarket
penetration of existing
offerings

4

Continue to evaluate attractive
M&A opportunities

Financial Highlights

March 2023, Twelve Months

\$1,469.3 Million

Total Revenue

11.5%

Organic Growth

41.2%

Adjusted Gross Margin

29.5%

Adjusted EBITDA

December 2023, Nine Months

\$1,146.6 Million

Total Revenue

6.7%

Organic Growth

43.0%

Adjusted Gross Margin

30.7%

Adjusted EBITDA

December 2023, Three Months

\$373.9 Million

Total Revenue

6.3%

Organic Growth

42.3%

Adjusted Gross Margin

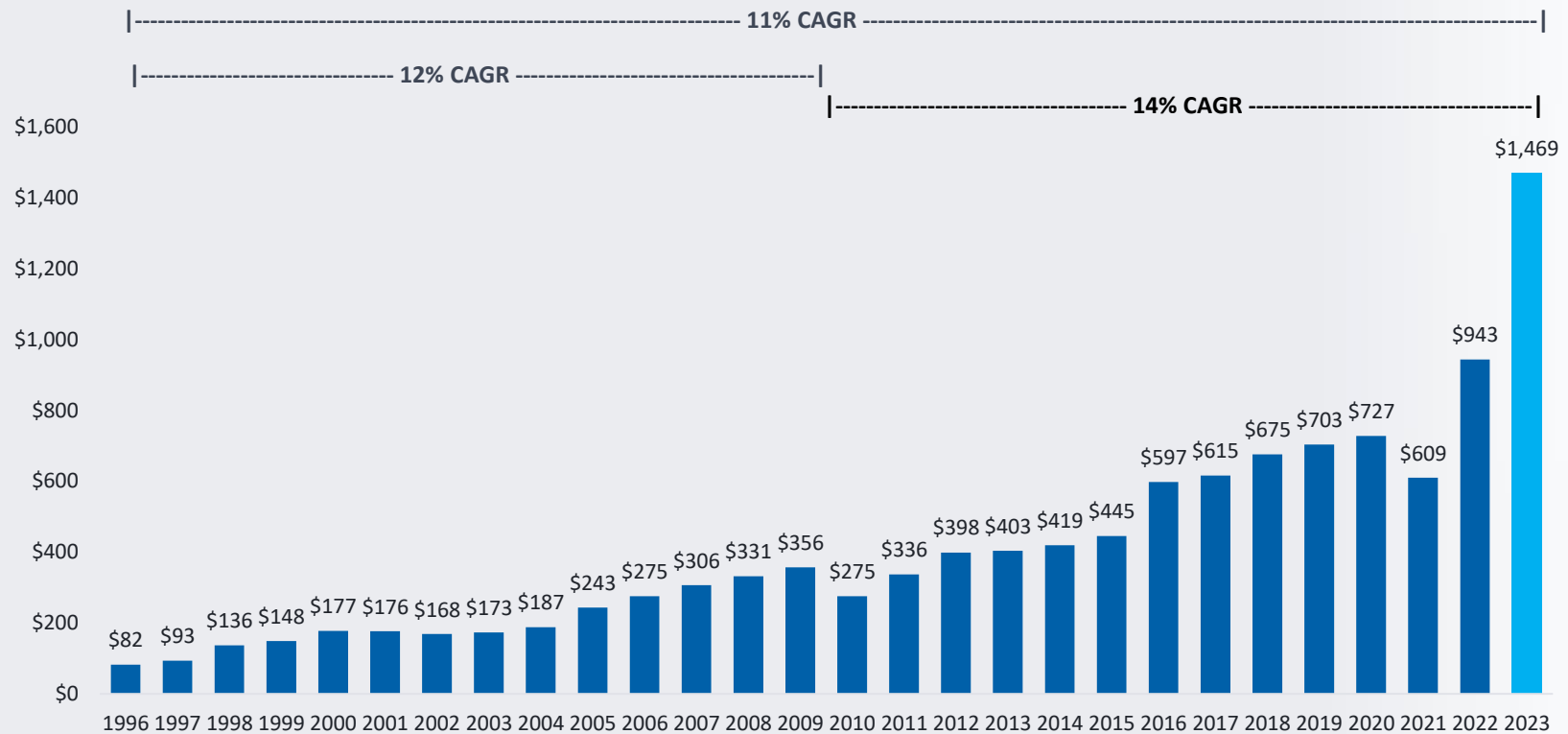
29.3%

Adjusted EBITDA

A Track Record of Growth

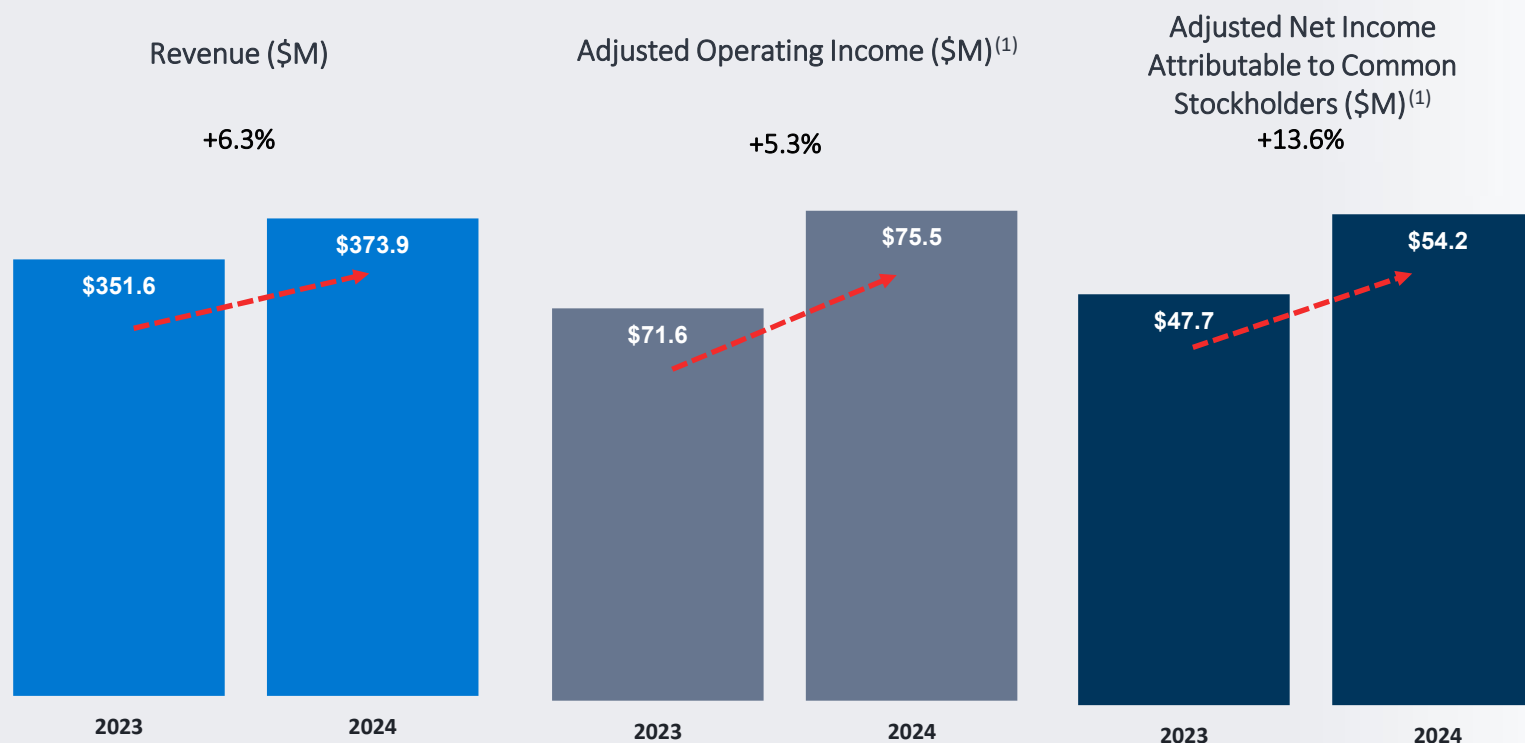


RBC Bearings has demonstrated its ability to grow the business at an 11% CAGR over the last twenty-seven years⁽¹⁾



(1) Fiscal 2022 includes 5 months of Dodge Industrial. Amounts shown in millions.

Results for Q3 Fiscal 2024

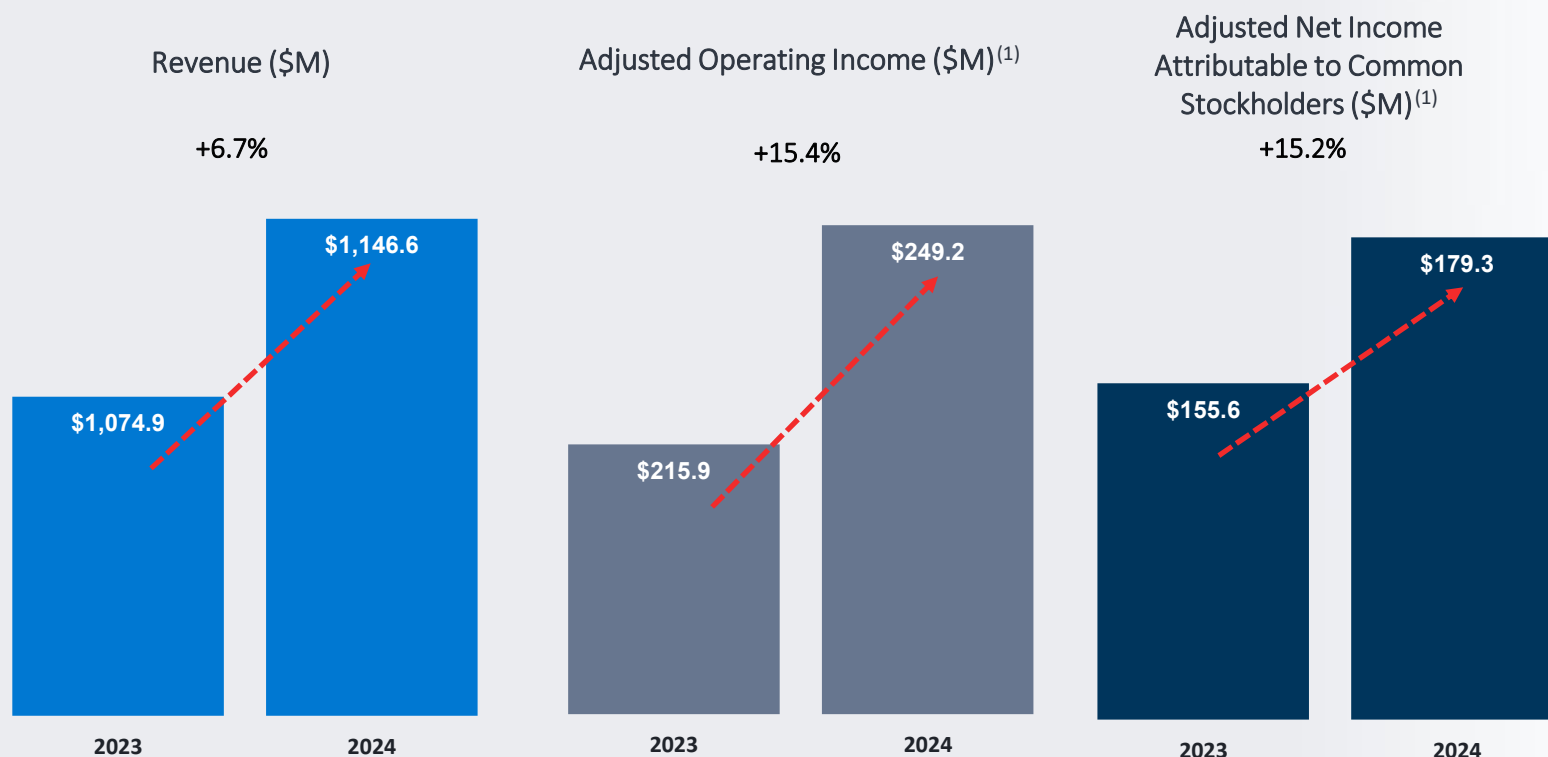


Adjusted Diluted EPS of \$1.85 for Q3 FY24 vs \$1.64 for Q3 FY23 ⁽²⁾

(1) Refer to the appendix to this presentation for adjusted operating income and adjusted net income attributable to common stockholders reconciliation.

(2) Adjusted diluted EPS defined as adjusted net income attributable to common stockholders divided by diluted weighted average shares. Refer to appendix for reconciliation of adjusted net income attributable to common stockholders.

Results for YTD Q3 Fiscal 2024



Adjusted Diluted EPS of \$6.15 for YTD Q3 FY24 vs \$5.36 for YTD Q3 FY23 ⁽²⁾

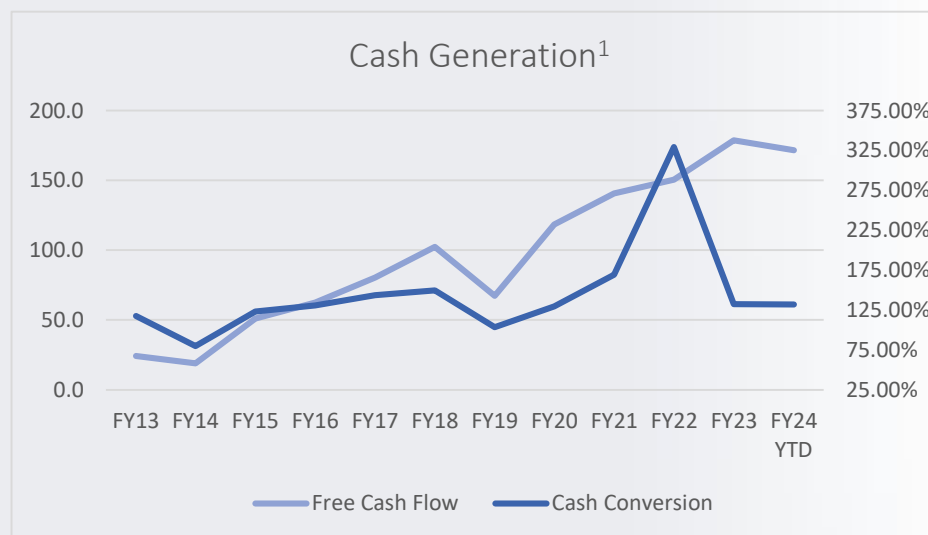
(1) Refer to the appendix to this presentation for adjusted operating income and adjusted net income reconciliation.

(2) Adjusted diluted EPS defined as adjusted net income attributable to common stockholders divided by diluted weighted average shares. Refer to appendix for reconciliation of adjusted net income attributable to common stockholders.

Cash Focus



- Cash generation a primary focus of our management team
- Profitability and working capital management has led to long-term growth in free cash flow and improved cash conversion over the last ten years
- Cash conversion over 100% of net income last four fiscal years
- FY2024 Q3 YTD cash conversion 132%
- Modest capital expenditures
 - 2.5-3.0% Target Annually
- FY2023 Adjusted EBITDA⁽²⁾ of \$433.9 million (29.5%)
- FY2024 Q3 YTD Adjusted EBITDA⁽²⁾ of \$352.0 million (30.7%)



(1) Free Cash Flow defined as Cash from Operations less Purchase of Property, Plant and Equipment. Cash conversion defined as Cash from Operations / Net Income (as reported).

(2) Adjusted EBITDA equals reported Net Income plus Interest Expense, Net, Provision for Income Taxes, Stock Compensation Expense, Depreciation and Amortization, Other Non-Operating Expense and Other Non-Recurring Charges. Refer to the appendix for reconciliation of Adjusted EBITDA.

Capital Allocation Strategy



1

Debt reduction through smart capital allocation

2

Deleverage toward 2x EBITDA target by 2025

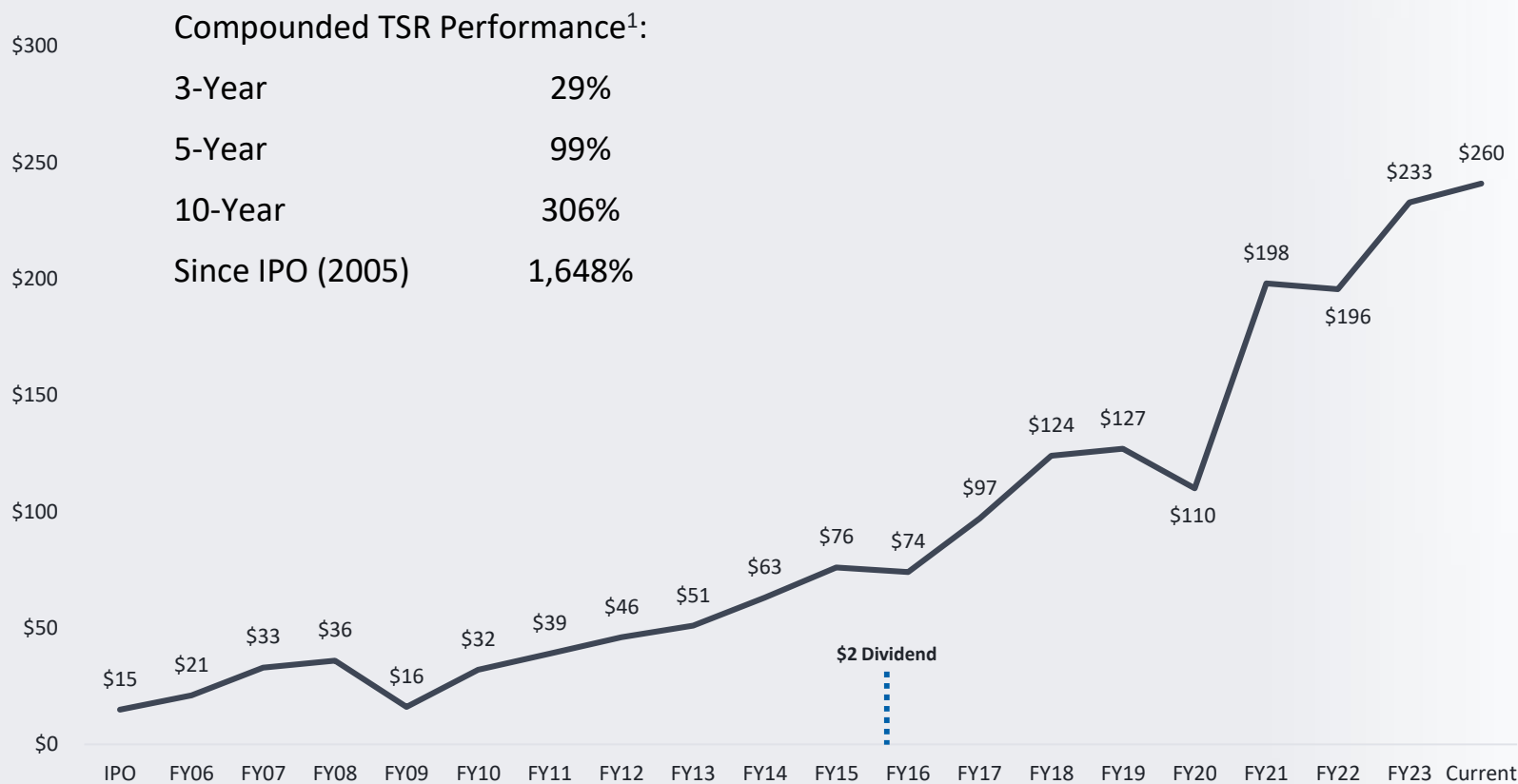
3

Invest in innovation and drive organic growth – “Green Shoots”

4

Pursue strategic acquisitions while maintaining price discipline

Track Record of Strong Shareholder Return (Ticker: RBC)



¹ As of March 14, 2024. Equals $\{ (current\ price - purchase\ price) + dividends \} \div purchase\ price$

Appendix

Non-GAAP Financial Measures



In addition to disclosing results of operations that are determined in accordance with U.S. generally accepted accounting principles (GAAP), this press release also discloses non-GAAP results of operations that exclude certain items. These non-GAAP measures adjust for items that management believes are unusual, as well as other non-cash items including but not limited to depreciation, amortization, and equity-based incentive compensation. Management believes that the presentation of these non-GAAP measures provides useful information to investors regarding the Company's results of operations, as these non-GAAP measures allow investors to better evaluate ongoing business performance. Investors should consider non-GAAP measures in addition to, not as a substitute for, financial measures prepared in accordance with GAAP. A reconciliation of the non-GAAP measures disclosed in this press release with the most comparable GAAP measures are included in the financial table attached to this press release.

Adjusted Gross Margin and Adjusted Operating Income

Adjusted gross margin excludes the impact of acquisition-related fair value adjustments to inventory, and inventory rationalization costs associated with restructuring and consolidation efforts. Adjusted operating income excludes acquisition expenses (including the impact of acquisition-related fair value adjustments in connection with purchase), restructuring and other similar charges, and other non-operational, non-cash or non-recurring losses. We believe that adjusted operating income is useful in assessing our financial performance by excluding items that are not indicative of our core operating performance or that may obscure trends useful in evaluating our continuing results of operations.

Adjusted Net Income Attributable to Common Stockholders and Adjusted Earnings Per Share Attributable to Common Stockholders

Adjusted net income attributable to common stockholders and adjusted earnings per share attributable to common stockholders (calculated on a diluted basis) exclude non-cash expenses for amortization related to acquired intangible assets, stock-based compensation, amortization of deferred finance fees, acquisition expenses (including the impact of acquisition-related fair value adjustments in connection with purchase), restructuring and other similar charges, gains or losses on divestitures, discontinued operations, gains or losses on extinguishment of debt, and other non-operational, non-cash or non-recurring losses, net of their income tax impact. We believe that adjusted net income and adjusted earnings per share are useful in assessing our financial performance by excluding items that are not indicative of our core operating performance or that may obscure trends useful in evaluating our continuing results of operations.

Non-GAAP Financial Measures



Adjusted EBITDA

We use the term "Adjusted EBITDA" to describe net income adjusted for the items summarized in the "Reconciliation of GAAP to Non-GAAP Financial Measures" table below. Adjusted EBITDA is intended to show our unleveraged, pre-tax operating results and therefore reflects our financial performance based on operational factors, excluding non-operational, non-cash or non-recurring losses or gains. In view of our debt level, it is also provided to aid investors in understanding our compliance with our debt covenants. Management and various investors use the ratio of total debt less cash to Adjusted EBITDA, or "net debt leverage," as a measure of our financial strength and ability to incur incremental indebtedness when making investment decisions and evaluating us against peers. Lastly, management and various investors use the ratio of the change in Adjusted EBITDA divided by the change in net sales (referred to as "incremental margin" in the case of an increase in net sales or "decremental margin" in the case of a decrease in net sales) as an additional measure of our financial performance and utilize it when making investment decisions and evaluating us against peers.

Adjusted EBITDA is not a presentation made in accordance with GAAP, and our definition of Adjusted EBITDA may vary from the definition used by others in our industry. Adjusted EBITDA should not be considered as an alternative to net income, income from operations, or any other performance measures derived in accordance with GAAP. Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. For example, Adjusted EBITDA does not reflect: (a) our capital expenditures, future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) the significant interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt; (d) tax payments that represent a reduction in cash available to us; (e) any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future; or (f) the impact of earnings or charges resulting from matters that we and the lenders under our credit agreement may not consider indicative of our ongoing operations. In particular, our definition of Adjusted EBITDA adds back certain non-cash, non-operating or non-recurring charges that are deducted in calculating net income, even though these are expenses that may recur or vary greatly, are difficult to predict, and can represent the effect of long-term strategies as opposed to short-term results. In addition, certain of these expenses can represent the reduction of cash that could be used for other corporate purposes. Further, although not included in the calculation of Adjusted EBITDA below, the measure may at times (i) include estimated cost savings and operating synergies related to operational changes ranging from acquisitions to dispositions to restructurings and/or (ii) exclude one-time transition expenditures that we anticipate we will need to incur to realize cost savings before such savings have occurred.

Reconciliation of GAAP to Non-GAAP Financial Measures



Adjusted Gross Margin

(dollars in thousands)

Reconciliation of Reported Gross Margin to Adjusted Gross Margin:	Three Months Ended		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Reported gross margin	\$ 158,045	\$ 146,040	\$ 492,221	\$ 438,339
Restructuring and consolidation	-	-	289	-
Adjusted gross margin	\$ 158,045	\$ 146,040	\$ 492,510	\$ 438,339

Reconciliation of GAAP to Non-GAAP Financial Measures



Adjusted Gross Margin

(dollars in thousands)

Reconciliation of Reported Gross Margin to Adjusted Gross Margin:

Reported gross margin

Inventory step-up

Restructuring and consolidation

Adjusted gross margin

Twelve Months Ended	
April 1, 2023	April 2, 2022
\$ 604,751	\$ 357,068
-	13,803
190	929
\$ 604,941	\$ 371,800

Reconciliation of GAAP to Non-GAAP Financial Measures



Adjusted Operating Income

(dollars in thousands)

	Three Months Ended		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Reconciliation of Reported Operating Income to Adjusted Operating Income:				
Reported operating income	\$ 75,291	\$ 70,392	\$ 248,038	\$ 206,879
Transaction and related costs	113	6	138	73
Transition services	-	1,241	-	8,945
Restructuring and consolidation	65	-	986	17
Adjusted operating income	\$ 75,469	\$ 71,639	\$ 249,162	\$ 215,914

Reconciliation of GAAP to Non-GAAP Financial Measures



Adjusted Operating Income

(dollars in thousands)

Reconciliation of Reported Operating Income to Adjusted Operating Income:

	Twelve Months Ended	
	April 1, 2023	April 2, 2022
Reported operating income	\$ 292,983	\$ 121,094
Inventory step-up	-	13,803
Transaction and related costs	79	22,598
Transition services	8,831	8,003
Restructuring and consolidation	2,660	2,544
Adjusted operating income	\$ 304,553	\$ 168,042

Reconciliation of GAAP to Non-GAAP Financial Measures



Adjusted EBITDA

(dollars in thousands)

Reconciliation of Reported Net Income to Adjusted EBITDA:

	Three Months Ended		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Reported net income	\$ 46,554	\$ 36,264	\$ 148,234	\$ 117,504
Interest expense, net	19,303	20,901	59,911	55,032
Provision for income taxes	10,313	11,688	39,470	31,853
Stock compensation expense	4,177	2,874	13,314	11,047
Depreciation and amortization	29,890	28,743	89,566	85,811
Other non-operating expense	1,208	1,539	2,510	2,490
Transaction and related costs	113	6	138	73
Transition services	-	1,241	-	8,945
Restructuring and consolidation	65	-	986	17
Pension settlement	(455)	-	(455)	-
Insurance proceeds received	(1,632)	-	(1,632)	-
Adjusted EBITDA	\$ 109,536	\$ 103,256	\$ 352,042	\$ 312,772

Reconciliation of GAAP to Non-GAAP Financial Measures



Adjusted EBITDA

(dollars in thousands)

Reconciliation of Reported Net Income to Adjusted EBITDA:

	Twelve Months Ended	
	April 1, 2023	April 2, 2022
Reported net income	\$ 166,659	\$ 54,710
Interest expense, net	76,695	41,510
Provision for income taxes	43,019	24,040
Stock compensation expense	14,012	32,894
Depreciation and amortization	115,355	65,532
Other non-operating expense	2,293	834
Inventory step-up	-	13,803
Transaction and related costs	79	22,598
Transition services	8,831	8,003
Restructuring and consolidation	2,660	2,544
Pension settlement	4,317	-
Adjusted EBITDA	\$ 433,920	\$ 266,468

Reconciliation of GAAP to Non-GAAP Financial Measures



Adjusted Net Income Attributable to Common Stockholders

(dollars in thousands, except share and per share data)

	Three Months Ended		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Reconciliation of Reported Net Income to Adjusted Net Income Attributable to Common Stockholders:				
Reported net income	\$ 46,554	\$ 36,264	\$ 148,234	\$ 117,504
Transaction and related costs	113	6	138	73
Transition services	-	1,241	-	8,945
Restructuring and consolidation	65	-	986	17
Foreign exchange translation loss/(gain)	-	-	-	(417)
M&A related amortization	16,463	16,276	49,068	48,832
Stock compensation expense	4,177	2,874	13,314	11,047
Amortization of deferred finance fees	649	1,826	2,296	6,164
Pension settlement	(455)	-	(455)	-
Insurance proceeds received	(1,632)	-	(1,632)	-
Tax impact of adjustments and other tax matters	(5,962)	(5,141)	(15,394)	(19,362)
Adjusted net income	\$ 59,972	\$ 53,346	\$ 196,555	\$ 172,803
Preferred stock dividends	5,814	5,686	17,250	17,186
Adjusted net income attributable to common stockholders	\$ 54,158	\$ 47,660	\$ 179,305	\$ 155,617
Adjusted net income per common share attributable to common stockholders:				
Basic	\$ 1.87	\$ 1.65	\$ 6.21	\$ 5.41
Diluted	\$ 1.85	\$ 1.64	\$ 6.15	\$ 5.36
Weighted average common shares:				
Basic	28,924,073	28,805,305	28,885,453	28,744,732
Diluted	29,204,570	29,120,318	29,153,469	29,053,608

Reconciliation of GAAP to Non-GAAP Financial Measures



Adjusted Net Income Attributable to Common Stockholders

(dollars in thousands)

	Twelve Months Ended	
	April 1, 2023	April 2, 2022
Reconciliation of Reported Net Income to Adjusted Net Income Attributable to Common Stockholders:		
Reported net income	\$ 166,659	\$ 54,710
Inventory step-up	-	13,803
Transaction and related costs	79	40,144
Transition services	8,831	8,003
Restructuring and consolidation	2,660	2,544
Pension settlement	4,317	-
Foreign exchange translation loss/(gain)	(417)	126
M&A related amortization	65,110	31,956
Stock compensation expense	14,012	32,894
Amortization of deferred finance fees	7,208	2,315
Tax impact of adjustments and other tax matters	(27,962)	(22,730)
Adjusted net income	\$ 240,497	\$ 163,765
Preferred stock dividends	22,936	12,011
Adjusted net income attributable to common stockholders	\$ 217,561	\$ 151,754
Adjusted net income per common share attributable to common stockholders:		
Basic	\$ 7.56	\$ 5.63
Diluted	\$ 7.48	\$ 5.56
Weighted average common shares:		
Basic	28,764,092	26,946,355
Diluted	29,072,429	27,311,029

Reconciliation of GAAP to Non-GAAP Financial Measures



Free Cash Flow

(dollars in thousands)

Selected Financial Data:

Cash provided by operating activities

Capital expenditures

Free Cash Flow

Three Months Ended		Nine Months Ended	
December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
\$ 80,503	\$ 60,878	\$ 195,323	\$ 149,258
(9,531)	(6,501)	(23,716)	(29,577)
\$ 70,972	\$ 54,377	\$ 171,607	\$ 119,681

Reconciliation of GAAP to Non-GAAP Financial Measures



Free Cash Flow

(dollars in thousands)

Selected Financial Data:

Cash provided by operating activities

Capital expenditures

Free Cash Flow

Twelve Months Ended	
April 1, 2023	April 2, 2022
\$ 220,686	\$ 180,293
(42,000)	(29,759)
\$ 178,686	\$ 150,534