



## NEWS RELEASE

# REGAL REXNORD CORPORATION HOSTS 2024 INVESTOR CONFERENCE, INTRODUCES NEW THREE YEAR FINANCIAL TARGETS

2024-09-17

MILWAUKEE, Sept. 17, 2024 /PRNewswire/ -- Regal Rexnord Corporation (NYSE: RRX) is hosting its 2024 Investor Day today at The Mandarin Oriental Hotel in New York City beginning at 8:30 AM ET. A live webcast of the event will be accessible on the Company's investor relations website at [investors.regalrexnord.com](https://investors.regalrexnord.com).

CEO Louis Pinkham, CFO Rob Rehard, and other members of the executive leadership team will discuss the Company's strategic growth objectives, including plans to accelerate profitable organic sales growth, continue to expand adjusted gross margins and adjusted EBITDA margins, grow free cash flow, and drive significant potential value creation through various capital deployment initiatives.

In conjunction with today's event, the Company is maintaining its previously announced annual 2024 guidance, including sales of \$6.2 billion, GAAP diluted earnings per share in a range of \$3.70 to \$4.10, and adjusted diluted earnings per share\* in a range of \$9.40 to \$9.80. However, based on recent performance, the Company now believes that the lower half of the outlook range is more likely.

The Company is also introducing the following financial targets for the 2024 to 2027 period:

- Organic net sales growth at a CAGR of 2% to 5%
- Adjusted gross margins\*\* rising to ~40% exiting 2025 and remaining steady thereafter
- Adjusted EBITDA margins\*\* rising to ~25% exiting 2025 and remaining steady thereafter
- Adjusted diluted earnings per share\*\* growth at a low double digit CAGR
- Adjusted free cash flow margins\*\* in the low- to mid-teens by 2027
- Net leverage\*\* declining to ~2.5x in 2025 and to 1.5–2.0x by 2027

Commenting on the Company's three-year outlook, CEO Louis Pinkham said: "We see many opportunities to create significant value for shareholders by capitalizing on the strengths of our enterprise, which over the last five years we have

dramatically transformed, through organic and inorganic actions, to be increasingly durable, high-margin, and cash generative. As we will discuss in some detail at our investor meeting today, our teams are working on a wide range of compelling initiatives to accelerate organic growth. We also see a clear path to top quartile gross, EBITDA and cash flow margins, ROIC expansion, and meaningful opportunities to create value through de-levering and, over time, inorganic growth. In short, we believe Regal Rexnord presents a highly compelling value creation opportunity, underpinned by lots of controllable execution."

#### Supplemental Materials

Supplemental materials and additional information will be accessible on Regal Rexnord's Investor website:

<https://investors.regalrexnord.com>. The Company intends to disseminate important information about the Company to its investors on the Investors section of its website: <https://investors.regalrexnord.com>. Investors are advised to look at Regal Rexnord's website for future important information about the Company.

#### About Regal Rexnord

Regal Rexnord's 30,000 associates around the world help create a better tomorrow by providing sustainable solutions that power, transmit and control motion. The Company's electric motors and air moving subsystems provide the power to create motion. A portfolio of highly engineered power transmission components and subsystems efficiently transmits motion to power industrial applications. The Company's automation offering, comprised of controls, actuators, drives, and precision motors, controls motion in applications ranging from factory automation to precision control in surgical tools.

The Company's end markets benefit from meaningful secular demand tailwinds, and include factory automation, food & beverage, aerospace, medical, data center, warehouse, alternative energy, residential and commercial buildings, general industrial, construction, metals and mining, and agriculture.

Regal Rexnord is comprised of three operating segments: Industrial Powertrain Solutions, Power Efficiency Solutions, and Automation & Motion Control. Regal Rexnord is headquartered in Milwaukee, Wisconsin and has manufacturing, sales and service facilities worldwide. For more information, including a copy of our Sustainability Report, visit [RegalRexnord.com](https://www.RegalRexnord.com).

\* Non-GAAP Financial Measure, See Appendix for Reconciliation to the most directly comparable GAAP financial measure.

\*\* Regal Rexnord does not provide a reconciliation of these forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures on a forward-looking basis because it is unable to predict certain adjustment items without unreasonable effort.

#### Forward Looking Statements

All statements in this communication, other than those relating to historical facts, are "forward-looking statements."

Forward-looking statements can generally be identified by their use of terms such as "anticipate," "believe," "confident," "estimate," "expect," "intend," "plan," "may," "will," "project," "forecast," "target," "would," "could," "should," and similar expressions, including references to assumptions. Forward-looking statements are not guarantees of future performance and are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such statements. Forward-looking statements include, but are not limited to, statements about expected market or macroeconomic trends, future strategic plans and future financial and operating results. Important factors that could cause actual results to differ materially from those presented or implied in the forward-looking statements in this communication include, without limitation: the possibility that the Company may be unable to achieve expected benefits, synergies and operating efficiencies in connection with the sale of the Industrial Motors and Generators businesses, the acquisition of Altra Industrial Motion Corp. ("Altra Transaction"), and the merger with the Rexnord Process & Motion Control business (the "Rexnord PMC business") within the expected time-frames or at all and to successfully integrate Altra Industrial Motion Corp. ("Altra") and the Rexnord PMC business; the Company's substantial indebtedness as a result of the Altra Transaction and the effects of such indebtedness on the Company's financial flexibility; the Company's ability to achieve its objectives on reducing its indebtedness on the desired timeline; dependence on key suppliers and the potential effects of supply disruptions; fluctuations in commodity prices and raw material costs; any unforeseen changes to or the effects on liabilities, future capital expenditures, revenue, expenses, synergies, indebtedness, financial condition, losses and future prospects; unanticipated operating costs, customer loss or business disruption; the Company's ability to retain key executives and employees; uncertainties regarding our ability to execute restructuring plans within expected costs and timing; challenges to the tax treatment that was elected with respect to the merger with the Rexnord PMC business and related transactions; actions taken by 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 artificial intelligence, and marketplace acceptance of new and existing products; dependence on significant customers and distributors; risks associated with climate change and uncertainty regarding our ability to deliver on our sustainability commitments and/or to meet related investor, customer and other third party expectations relating to our sustainability efforts; risks associated with global manufacturing, including risks associated with public health crises and political, societal or economic instability, including instability caused by ongoing geopolitical conflicts; issues and costs arising from the integration of acquired companies and businesses; prolonged declines in one or more markets; risks associated with excess or obsolete inventory charges, including related write-offs or write-downs; economic changes in global markets, such as reduced demand for products, 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 the Company cannot control; product liability, asbestos and other litigation, or claims by end users, government agencies or others that products or customers' applications failed to perform as anticipated; unanticipated liabilities of acquired businesses; unanticipated adverse effects or liabilities from business exits or divestitures; the Company's ability to identify and execute on future M&A opportunities, including significant M&A transactions; the impact of any such M&A transactions on the Company's results, operations and

financial condition, including the impact from costs to execute and finance any such transactions; unanticipated costs or expenses that may be incurred related to product warranty issues; infringement of intellectual property by third parties, challenges to intellectual property, and claims of infringement on third party technologies; effects on earnings of any significant impairment of goodwill; losses from failures, breaches, attacks or disclosures involving information technology infrastructure and data; costs and unanticipated liabilities arising from rapidly evolving laws and regulations; and other factors that can be found in our filings with the SEC, including our most recent periodic reports filed on Form 10-K and Form 10-Q, which are available on our Investor Relations website. Forward-looking statements are given only as of the date of this communication and we disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

### Non-GAAP Measures

(Unaudited)

(Dollars in Millions, Except per Share Data)

We prepare our 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 release, we disclose certain non-GAAP forward-looking information, including adjusted targets such as gross margin, EBITDA margin, diluted earnings per share, free cash flow margin and net leverage. We believe that these forward-looking non-GAAP financial measures are useful measures for providing investors with additional information regarding our financial targets. The Company believes that a quantitative reconciliation of this forward-looking information to the most comparable financial measure calculated and presented in accordance with GAAP cannot be made available without unreasonable efforts. A reconciliation of this non-GAAP financial measure would require the Company to predict the timing and likelihood of future restructurings and other charges. Neither these forward-looking measures, nor their probable significance, can be quantified with a reasonable degree of accuracy. Accordingly, a reconciliation of the most directly comparable forward-looking GAAP measure is not provided.

In addition to these non-GAAP measures, we use the term "organic sales growth" to refer to the increase in our sales between periods that is attributable to organic sales. "Organic sales" refers to GAAP sales from existing operations, excluding any sales from acquired businesses recorded prior to the first anniversary of the acquisition and excluding any sales from divested businesses 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.

Appendix

2024 ADJUSTED ANNUAL GUIDANCE

Unaudited

	Minimum		Maximum	
2024 GAAP Diluted EPS Annual Guidance	\$	3.70	\$	4.10
Intangible Amortization		3.92		3.92
Restructuring and Related Costs (a)		0.68		0.68
Share-Based Compensation Expense		0.51		0.51
Operating Lease Asset Step Up		0.01		0.01
Impairments and Exit Related Costs		0.02		0.02
Loss on Sale of Businesses		0.06		0.06
Gain on Sale of Assets		(0.01)		(0.01)
Transaction and Integration Related Costs (b)		0.26		0.26
Discrete Tax Items		0.25		0.25
2024 Adjusted Diluted EPS Annual Guidance	\$	9.40	\$	9.80

(a) Relates to costs associated with actions taken for employee reductions, facility consolidations and site closures, product line exits and other asset charges.

(b) Primarily relates to (1) legal, professional service, and rebranding costs associated with the sale of the industrial motors and generators businesses and (2) legal, professional service and integration costs associated with the Altra Transaction.

View original content: <https://www.prnewswire.com/news-releases/regal-rexnord-corporation-hosts-2024-investor-conference-introduces-new-three-year-financial-targets-302249433.html>

SOURCE Regal Rexnord Corporation