



NEWS RELEASE

Regal Rexnord Corporation Announces Definitive Agreement To Sell Its Industrial Motors & Generators Businesses To WEG

9/25/2023

MILWAUKEE, Sept. 25, 2023 /PRNewswire/ -- Regal Rexnord Corporation (NYSE: RRX) announced today that it has entered into a definitive agreement to sell the Industrial Motors and Generators businesses that comprise the majority of its Industrial Systems segment to WEG, through certain subsidiaries of WEG S.A. (B3: WEGE3 / OTC: WEGZY), for total consideration of US\$400 million. The closing of the transaction, which is subject to obtaining required regulatory approvals and meeting customary closing conditions, is expected to occur in the first half of 2024.

Regal Rexnord CEO, Louis Pinkham, commented on the agreement: "After a thorough strategic review, we believe this transaction with WEG will be a true win-win for both companies' principal stakeholders. The sale of our Industrial Motors and Generators businesses is consistent with our strategy of focusing the portfolio on products, sub-systems, end markets and/or applications where we can achieve GDP-plus growth rates and gross margins above 35%. While we have made significant progress improving the growth prospects and margins at these businesses, we believe that WEG is in a better position to accelerate their performance going forward."

Pinkham continued, "Consistent with our previously stated capital deployment intentions, all available net proceeds from the transaction will be used to reduce our debt. In combination with Regal Rexnord's strong expected organic cash flow generation, we remain on track to reduce our net leverage ratio to below 2.5x by 2025."

Pinkham concluded, "I would also like to thank our associates at Industrial Systems for their many contributions to Regal Rexnord over the years. I believe the transaction with WEG will create new opportunities for our talented associates in the Motors & Generators businesses."

Advisors

Guggenheim Securities, LLC is serving as financial advisor to Regal Rexnord, and Godfrey & Kahn, S.C. is serving as legal counsel.

About Regal Rexnord

Regal Rexnord Corporation is a global leader in the engineering and manufacturing of factory automation sub-systems, industrial powertrain solutions, automation and mechanical power transmission components, electric motors and electronic controls, air moving products, and specialty electrical components and systems. Through longstanding technology leadership and an intentional focus on producing more socially conscious and environmentally-friendly products and sub-systems, the Company is regularly addressing increasingly relevant secular demands of customers in the medical, alternative energy, aerospace, food & beverage, general industrial and warehouse/intralogistics end markets, among others. In short, Regal Rexnord's 36,000 associates around the world are proud to be working each day towards fulfilling the Company's purpose – helping create a better tomorrow – for its customers and for the planet.

Regal Rexnord is comprised of four operating segments: Automation & Motion Control, Industrial Powertrain Solutions, Power Efficiency Solutions and Industrial Systems. Regal Rexnord is headquartered in Milwaukee, Wisconsin and has manufacturing, sales, and service facilities worldwide. For more information, visit RegalRexnord.com.

Forward Looking Statements

This release contains forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which reflect Regal Rexnord's current estimates, expectations and projections about Regal Rexnord's future results, performance, prospects and opportunities. Such forward-looking statements may include, among other things, statements about the proposed sale of the Industrial Motors and Generators businesses, Regal Rexnord's ability to realize the benefits anticipated from the sale of the Industrial Motors and Generators businesses and other expectations and estimates for future periods, including as a result of delay or failure to obtain certain required regulatory approvals or the failure of any other condition to the closing of the transaction. Forward-looking statements include statements that are not historical facts and can be identified by forward-looking words such as "anticipate," "believe," "confident," "estimate," "expect," "intend," "plan," "target," "may," "will," "project," "forecast," "would," "could," "should," and similar expressions. These forward-looking statements are based upon information currently available to Regal Rexnord and are subject to a number of risks, uncertainties, and other factors that could cause actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Important factors that could cause Regal Rexnord's, actual results to differ materially from the results referred to in the forward-looking statements Regal Rexnord makes in this release include: the possibility that the conditions to the consummation of the proposed sale of the Industrial Motors and Generators businesses (the "Proposed Sale") will not be satisfied on the terms or timeline expected, or at all; failure to obtain, or delays in obtaining, or adverse conditions related to obtaining regulatory approvals sought in connection with the Proposed Sale; the possibility that the pendency of the Proposed Sale could materially and adversely affect Regal Rexnord's business, financial condition, results of operation or cash flows Regal Rexnord's substantial indebtedness as a result of the acquisition of Altra Industrial Motion Corp. (the

"Altra Transaction") and the effects of such indebtedness on Regal Rexnord's financial flexibility after the Altra Transaction; Regal Rexnord'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; the possibility that Regal Rexnord may be unable to achieve expected benefits, synergies and operating efficiencies in connection with the acquisition of Altra and the merger with Rexnord Process & Motion Control business (the "Rexnord PMC business") within the expected time-frames or at all and to successfully integrate Altra and the Rexnord PMC business; Regal Rexnord'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 Regal Rexnord's results, operations and financial condition, including the impact from costs to execute and finance any such transactions; expected or targeted future financial and operating performance and results; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) being greater than expected following the Altra Transaction or the merger with the Rexnord PMC business; Regal Rexnord's ability to retain key executives and employees; the possibility that the information currently available to Regal Rexnord in estimating the benefits of the Proposed Sale discussed in this release may not accurately reflect the results of Regal Rexnord's business for such future periods; the continued financial and operational impacts of and uncertainties relating to the COVID-19 pandemic on customers and suppliers and the geographies in which they operate; uncertainties regarding the ability to execute restructuring plans within expected costs and timing; challenges to the tax treatment that was elected with respect to the merger with Rexnord PMC business and related transactions; requirements to abide by potentially significant restrictions with respect to the tax treatment of the merger with the Rexnord PMC business which could limit Regal Rexnord's ability to undertake certain corporate actions that otherwise could be advantageous; actions taken by competitors and their ability to effectively compete in the increasingly competitive global electric motor, drives and controls, power generation and power transmission industries; the 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 geographic locations in which Regal Rexnord does business; dependence on significant customers; seasonal impact on sales of products into HVAC systems and other residential applications; risks associated with climate change and uncertainty regarding our ability to deliver on our climate commitments and/or to meet related investor, customer and other third party expectations relating to our sustainability efforts; risks associated with global manufacturing, including those associated with public health crises and political, societal or economic instability, including instability caused by the conflict between Russia and Ukraine; issues and costs arising from the integration of acquired companies and businesses and the timing and impact of purchase accounting adjustments; prolonged declines in one or more markets, such as heating, ventilation, air conditioning, refrigeration, power generation, oil and gas, unit material handling, water heating and aerospace; economic changes in global markets, such as reduced demand for products, currency exchange rates, inflation rates, interest rates, banking crises, recession, government policies, including policy changes affecting taxation, trade, tariffs, immigration, customs, border actions and the like, and other external factors that Regal Rexnord 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, 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; including in connection with the Proposed Sale; 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 data privacy laws and regulations; cyclical downturns affecting the global market for capital goods; and other risks and uncertainties including, but not limited, to those described in the section entitled "Risk Factors" in Regal Rexnord's Annual Report on Form 10-K on file with the SEC and from time to time in other filed reports including Regal Rexnord's Quarterly Reports on Form 10-Q. For a more detailed description of the risk factors associated with Regal Rexnord, please refer to Part I, Item 1A in Regal Rexnord's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 on file with the SEC and subsequent SEC filings, including Regal Rexnord's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023. Shareholders, potential investors, and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included in this release are made only as of the date of this release and Regal Rexnord undertakes no obligation to update any forward-looking information contained in this release or with respect to the announcements described herein to reflect subsequent events or circumstances.

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