

## **GEFRAN SPA SIGNS AN AGREEMENT FOR THE SALE OF THE MOTION BUSINESS DIVISION AT THE BRAZILIAN GROUP WEG**

**Provaglio d'Iseo (BS), 1<sup>st</sup> August 2022** – Gefran S.p.A., following the resolution of the Board of Directors, has signed a framework agreement for the sale of the Drives Business to the Brazilian group WEG S.A. for a total value of 23 million euros.

The Gefran group, listed in the Milan Stock Exchange, is a leader in the sector of components for automation and control systems for industrial processes. Gefran realized a turnover of 160 million of Euros in 2021 with three main business units: Sensors, Automation Components, and Drives.

Gefran's Drive Business is active in the design, production and sale of products and solutions to regulate speed and control DC and AC motors, inverters, armature converters and servo drives for industrial applications as well as solutions used in elevator control; in 2021 the Business achieved revenues of 44.8 million euros (equal to 27% of the group's turnover) with 175 employees

The scope of the transaction consists of the subsidiaries Gefran Drives and Motion S.r.l., based in Gerenzano (Varese), Siei Areg GmbH, based in Pleidelsheim (Germany), and the business units related to the Drive Business of the subsidiaries Gefran Siei Drives Technology Co Ltd., based in Shanghai (China) and Gefran India Private Ltd based in Pune (India).

Pursuant to the framework agreement, the execution of the sale may be completed in several stages: the first stage will consist in the sale to WEG of the shares in Gefran Drives and Motion S.r.l. and Siei Areg GmbH. Subsequently, the business units of the Drives Business spun off from Gefran Siei Drives Technology Co Ltd and Gefran India Private Ltd will be sold.

The completion of the transaction is subject to the fulfilment of certain customary conditions precedent for such transactions, including approval by the regulatory authorities and completion of the spin-off of business units.

The timing of the transaction is linked to the fulfilment of the conditions precedent: the first stage is expected by the end of 2022 and the deadline provided for by the framework agreement is 30 June 2023, possibly extendable until 31 December 2023 if the obligations related to the sale of the business units require such an extension.

The final consideration, which will be paid in cash, will be determined through the calculation mechanisms usually used in these operations.

Founded in 1961, the WEG Group operates globally, manufacturing electrical and electronic equipment mainly used to produce capital goods. Present in 135 countries, with production units in 12, and over 37,000 employees, the Group achieved revenues of 23.6 billion Brazilian Reais in 2021, which places it among the world's leading operators in the sector.

Gefran believes that by size, global scope of operations and market leadership WEG will be able to fully exploit the potential that Gefran has built in almost twenty years of activity in drives.

According to the Managing Director of WEG Automation, **Manfred Peter Johann**, this acquisition will place WEG in a favorable position in a strategic market. *“Our objective is to offer an increasingly broad portfolio of products and solutions, increase our presence in a market as important as the European market, now with local manufacturing, and thereby accelerate our growth process abroad within our motion drives strategy,”* explains the executive.

The agreement is also the result of common values and common vision identities: Gefran and WEG are both family businesses that consider the stable creation of value over time a fundamental objective of the development strategy. For this reason, the transaction will take place in compliance with the principles of transparency and business continuity historically pursued by Gefran.

*"The sale of the Drives Business is part of Gefran's broader strategic plan to focus resources on the company's historical core business of Sensors and Components for Industrial Automation" -said **Marcello Perini**, CEO of the Gefran-Group. "In these business areas, the Group has a consolidated global leadership, generates excellent income results on a stable basis and has primarily directed the investment plan of recent years". "The financial resources generated by the operation" continues Marcello Perini, "will accelerate the achievement of the growth objectives (organic and external) envisaged by the business plan".*

Gefran will update the market on the continuation of the transaction, in accordance with the regulatory provisions.

Gefran was supported by Deloitte as unique advisor for the financial, legal and tax matters of the transaction.

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The **Gefran Group** directly serves the principal world markets with sales offices in Italy, France, Germany, Switzerland, the United Kingdom, Belgium, Turkey, the United States, Brazil, China, Singapore and India, as well as production plants in Germany, Switzerland, Brazil, the United States and China.

The **Gefran Group** currently has approximately 800 employees.

The key factors behind **Gefran's** success are specialist know-how, design and production flexibility, capacity for innovation and the quality of its processes and products. With total control of process technology and application know-how, **Gefran** creates instruments and integrated systems for specific applications in various industrial sectors, including plastics processing, food, pharmaceuticals, and packaging and die-casting machines.

**Gefran**, which has been listed on the Italian Stock Exchange since 9 June 1998, became part of the STAR (high-requisite stock) segment in 2001 and has been listed in the ALL STAR class since 31 January 2005, which became Euronext STAR Milan (abbreviated as "STAR") on 25 October 2021.

Founded in 1961, **WEG** is a global electric-electronic equipment company, operating mainly in the capital goods sector with solutions in electric machines, automation and paints for several sectors,

*including infrastructure, steel, pulp and paper, oil and gas, mining, among many others. WEG stands out in innovation by constantly developing solutions to meet the major trends in energy efficiency, renewable energy and electric mobility. With manufacturing units in 12 countries and present in more than 135 countries, the company has more than 37,000 employees worldwide. WEG's net revenue reached R\$ 23.6 billion in 2021, 54% from external markets.*