



RENK: Increases in order intake and sales revenue, operating profit stable

RENK Group

€ million	2019	2018
Order intake	540	529
Sales revenue	559	502
Order backlog ¹⁾	821	774
Headcount (no.) ¹⁾	2,569	2,319
Operating profit	60	60
Operating return on sales (%)	10.8	12.0

1) As of December 31

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Order intake of € 540 million

RENK generated an order intake of € 540 million in fiscal year 2019 as against € 529 million in the previous year. Order intake for Vehicle Transmissions rose significantly compared to 2019. Slide Bearings was stable year-on-year, while Special Gear Units and Standard Gear Units fell slightly short of the previous year's figures.

Sales revenue up 11% at € 559 million

Sales revenue at RENK climbed by 11% or € 57 million to € 559 million in fiscal year 2019. Vehicle Transmissions business in particular contributed to this positive development, partly on account of the first-time inclusion of the sales revenue of the Horstman Group. Special Gear Units also enjoyed a positive performance, while deliveries by Standard Gear Units and Slide Bearings were down on the previous year.

Order backlog grows to € 821 million

Over the course of fiscal year 2019, RENK's order backlog climbed from € 774 million at the beginning of the year to € 821 million by year-end, which partly reflects the inclusion of the Horstman Group's order book.

Operating profit again € 60 million

At € 60 million, RENK's operating profit matched the previous year's level in the 2019 fiscal year. Increases in Vehicle Transmissions and Special Gear Units were offset by corresponding declines in the two other segments.

Employees

RENK had 2,569 employees as of December 31, 2019 (previous year: 2,319) in addition to 68 subcontracted employees (previous year: 66). The rise in headcount is due in particular to the takeover of the Horstman Group in fiscal year 2019. A total of 120 trainees again completed their training at RENK in 2019 (previous year: 117).

Research and development

RENK invested € 14 million (previous year: € 13 million) of its own funds in the development of new products and the enhancement of existing ones in fiscal year 2019.

Capital expenditures

As of April 16, 2019, RENK acquired all shares in the Horstman Group, which has sites in the UK, the US and Canada for a total volume of € 44 million. Horstman is a global specialist for suspension systems for supplier of mobility solutions for heavy wheeled and tracked vehicles. RENK also invested € 33 million in intangible assets and property, plant and equipment (previous year: € 35 million). Most of this capital expenditure related to the main plant in Augsburg and other projects including the construction of a new logistics center in Oberottmarshausen.

Dividend

The Executive Board and the Supervisory Board will again propose to the Annual General Meeting the distribution of a dividend for 2019 of € 2.20 per share. Based on the closing price of the shares of € 105.00 as of December 31, 2019, this translates into a dividend yield of 2.1% (previous year: 2.3%). RENK's employees will also again share in the good results for the year.

Outlook

RENK is forecasting a tangible increase in order intake for fiscal year 2019 – assuming that the planned major projects in Special Gear Units and Vehicle Transmissions are implemented. Sales revenue is set to grow slightly compared to the previous year, while the operating profit should again match the previous year's level. The operating return on sales will therefore be down marginally year-on-year.

Events after the end of the reporting period

On January 30, 2020, Volkswagen Vermögensverwaltungs-GmbH signed a share purchase agreement with Rebecca BidCo GmbH to acquire 5,320,000 shares in RENK AG in total (representing 76% of the share capital and voting rights) at a purchase price of between € 97.80 and not more than € 100 per share, depending on the dividend paid. Rebecca BidCo GmbH is held by Triton Investment Management Limited's "Triton V" fund.

The completion of the share purchase agreement is subject to merger control, other official approvals and further conditions. In addition, Rebecca BidCo GmbH intends to make a voluntary takeover bid to acquire all no-par value bearer shares in RENK AG. It intends to pay the purchase price in cash, and its amount will be determined in accordance with section 31 of the *Wertpapiererwerbs- und Übernahmegesetz (WpÜG* – German Securities Acquisition and Takeover Act) and sections 3 et seq. of the *WpÜG-Angebotsverordnung (WpÜGAngebV* – Offer Ordinance).

RENK Group – At a glance

€ million	2019	2018	Change (%)
Order intake	540	529	+2.0
Sales revenue	559	502	+11.2
Order backlog¹⁾	821	774	+6.1
Headcount¹⁾	2569	2319	+10.8

€ million	2019	2018	Change in € million
Operating profit	60	60	–
Profit before taxes	62	62	–
Profit after tax	44	43	+1
Earnings per share in €	6.50	6.25	–
Operating return on sales in %	10.8	12.0	–
Capital expenditures²⁾	33	35	-2
Depreciation and amortization on non-current assets	23	19	+4
Internally financed R&D expenditures	14	13	+1
Cash flows from operating activities	7	35	-28
Cash flows from investing activities	-73	-33	-40
Net cash flow	-65	2	-67
Cash and cash equivalents¹⁾	102	186	-84
Total equity¹⁾	484	450	+34

1) As of December 31, 2019, as against December 31, 2018

2) For property, plant and equipment and intangible assets

RENK Aktiengesellschaft

The Executive Board