



RENK 2014: Record incoming orders for RENK

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RENK			
€ millions		2014	2013
Incoming orders		666	504
Sales		480	485
Order backlog ¹⁾		827	648
Number of employees		2,196	2,306
Operating result ²⁾		72	66
Operating margin (%) ²⁾		15.0	13.5

1) on 31/12

2) previous-year figures adjusted

RENK Aktiengesellschaft
Gögginger Str. 73
86159 Augsburg
Germany

Contact:
Jens Leissner
Phone +49.821.5700-703

press@renk.biz
www.renk.eu

Record incoming orders

The outstanding € 666 million in incoming orders booked by RENK in 2014 (previous year: € 504 million) included a record for the transmissions segment, which recorded its single largest order in company history. Over the course of the next decade RENK plans to deliver more than 500 gear units for the new British tracked vehicle, the SCOUT SV, valued in total at over € 200 million. In addition, Augsburg-based testing station subsidiary RTS saw record new orders worth € 48 million.

For the other business segments the incoming orders situation varied in 2014, with standard gearboxes seeing significant year-on-year order growth while plain bearings orders were largely unchanged and the special gearboxes business saw lower new orders.

Sales nearly even year-on-year

RENK sales of € 480 million for 2014 came in only slightly below the 2013 figure of € 485 million. December was the strongest month for RENK in all of fiscal 2014. Sales were up in the transmissions and special gearbox segments. Plain bearing sales were down slightly year-on-year and standard gearbox sales declined as well due to the ending of a deal to supply offshore wind turbine gearboxes in the first half of the 2014.

RENK AG is a manufacturer of special gear units and transmissions for tracked vehicles, industrial plants and the shipbuilding industry as well as components for propulsion technology and test systems, supplying customers all over the world. On the world market the company holds a leading position for automatic transmissions for tracked vehicles, gears for navy vessels and horizontal slide bearings.

MAN SE, Munich holds a majority share of RENK AG. The MAN Group is one of Europe's foremost industrial players in the sector of Transport-Related Engineering.

Order backlog at record level

Record incoming orders went hand-in-hand with a historically high value of orders on the books. At the start of fiscal 2014 RENK Group order backlog came to € 648 million, rising over the course of the year to € 827 million.

The transmissions backlog rose significantly while standard gearboxes backlog was even at the previous year's level. The special gearboxes backlog declined due to the maritime projects being completed. The plain bearings backlog was also lower versus the previous year.

Outstanding operating result

In fiscal 2014 RENK recorded an operating result of € 72 million, coming after € 66 million for the year prior. Earnings improvements on special gearboxes and transmissions offset lower earnings on standard gearboxes and plain bearings, leaving a net gain significantly above the estimate announced at the start of the year. The operating margin widened again to 15.0 % (previous year: 13.5 %), which is an exceptionally good level for German machinery and equipment makers.

Further rise in capital expenditure

In 2014 RENK invested € 38 million in new buildings and equipment (previous year: € 27 million). Most of this amount went again to the special gearboxes and transmissions segments at the Augsburg location in 2014. The largest single project was building a new assembly and testing facility for large gearbox manufacturing.

Staff

The RENK workforce numbered 2,196 at the end of 2014. Another 48 temporary staff were employed as well.

Dividend increase

The Management and Supervisory Boards propose approval of a resolution at the Annual General Meeting of a dividend increase up to € 2.20/share for 2014 (previous year: € 2.00) This represents a 2.6% dividend yield based on the closing price of RENK shares at 31 December 2014 at € 83.65.

RENK employees will again be participating in the company's handsome net profit for the year through distribution of a special bonus.

Outlook

For 2015 RENK estimates € 500 million in incoming orders, a figure which reflects several large projects. RENK Group sales are projected to increase

slightly in 2015. Despite intensifying competition and a change in the product mix, an operating result on the order of € 60 million is expected. Operating margin will again be in the double digits.

Overview

RENK Group € millions

	2014	2013	Chg. in %
Incoming orders	666	504	+32
Sales	480	485	-1
Order backlog ¹⁾	827	648	+28
Number of employees	2,196	2,306	-5
			Chg. in € millions
Operating result ²⁾	72	66	+6
Earnings before taxes	72	66	+6
Earnings after taxes	49	43	+6
Earnings per share in €	7.17	6.39	-
Dividend (in €)	2.20	2.00	-
Operating margin (%) ²⁾	15.0	13.5	-
ROS (%) ³⁾	15.0	13.7	-
Capital expenditure ⁴⁾	38	27	+11
Depreciation of fixed assets	17	16	+1
Self-financed R&D expenses	8	8	-
Operating cash flow	35	85	-50
Cash flow from investing activities ongoing business	-38	-29	-9
Net cash flow	-3	56	-59
Equity ¹⁾	327	302	+25

1) Value at 31 December 2014 compared to 31 December 2013

2) Certain prior-year values adjusted due to change in financial reporting

3) Current ROS (return on sales) is reported voluntarily in 2014 applying the formula employed through 31 December 2013

4) in property, plant and equipment and intangible assets