



RENK 2013:

Order intake, sales and operating profit again high

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RENK		
€million	2013	2012
Order intake	504	525
Sales	485	476
Employees ¹⁾	2,228	2,245
Operating profit ²⁾	67	66
Return on sales (ROS) in % ²⁾	13.7	13.9

1) Incl. temporary labor at Dec. 31

2) Prior-year data restated due to the retroactive application of IAS 19 (2011)

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Order intake again above €500 million

Orders booked by the RENK Group in 2013 again topped €500 million. At €504 million, the figure was €21 million short of the prior year's in which, however, megaorders at Vehicle Transmissions and surging orders for marine gear units had figured prominently. Hence, RENK's order intake in 2013 was as expected.

Slight gains were reported by Special Gear Units, marginal declines by Vehicle Transmissions; the shortfall in new orders at Slide Bearings and Standard Gear Units was much more pronounced. Slide Bearings encountered a sluggish domestic market whereas Standard Gear Units suffered, in particular, from a lack of demand for gear units installed in offshore wind power plants and sliding demand for couplings used in plant construction.

Sales advancing

The RENK Group's sales in 2013 added up to €485 million, up €9 million or 2 percent over the figure for 2012. The highest increase was recorded by Special Gear Units thanks to surging demand in recent years for high-end marine gear units. Also slightly higher compared with 2012 were sales at Standard Gear Units, especially in the wake of shipments of marine gear units and couplings. Revenue by the Slide Bearings and Vehicle Transmissions divisions, in contrast, declined. Because of the lengthy contract lead times, the shortfall had long been foreseeable at Vehicle Transmissions; in the case of Slide Bearings with its very short order execution times, the reduction in revenue was chiefly due to the present shrinkage in domestic demand.

Order backlog again higher

The surge of new orders in 2013 resulted in another rise in order backlog for RENK which as of year-end had inched up €14 million to €648 million. The biggest gain was posted by Vehicle Transmissions followed by Special Gear Units. Order backlog at Slide Bearings and Standard Gear Units, in contrast, dipped.

Good operating profit maintained, cash flow at record level

Despite more hostile economic conditions, the rising revenue was reflected in a higher operating profit. The EBIT of €67 million was even marginally higher than the prior year's €66 million and equivalent to an ROS of 13.7 percent (down from 13.9). The steepest gain was shown by Special Gear Units, followed by Vehicle Transmissions while Standard Gear Units and Slide Bearings suffered declines. The cash flow from operating activities (excluding investing and financing activities) rose to a record €85 million, up 30 percent over the already high level of 2012.

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.

Capital expenditure again high

In 2013, capital expenditure totaled €30 million, including €27 million on property, plant and equipment (down from €28 million) and €3 million on setting-up and expanding subsidiaries in China and Brazil. Most of the capital outlays was incurred at Augsburg for Vehicle Transmissions and Special Gear Units. Alongside infrastructure enhancements, the funds went toward the revamping of production equipment. Work also started on a new assembly and test rig shop urgently required to cope with the rising volume of business.

Workforce again well over 2,000

At December 31, 2013, the RENK Group employed a workforce (incl. temporary labor) of 2,228 (down from the prior year's 2,245). During the twelve months the regular workforce climbed from 2,167 to 2,186 while the number of temps plunged from 78 to 42, their proportion of the total workforce is now a mere 1,9 percent.

Dividend unchanged

At the AGM, the Executive and Supervisory Boards will again propose for 2013 a dividend of €2.00 per share. Measured against the present stock price, this is a yield of well over 2 percent. The employees will also participate in the period's good performance, the nonexempts at RENK AG again receiving a bonus.

Prospects

Assuming that large potential projects materialize at Vehicle Transmissions and Special Gear Units and stable demand at Slide Bearings, RENK expects for 2014 new orders well over €500 million. Sales, too, should top the €500 million level.

Despite ongoing tough competition and drooping demand in individual areas, for 2014 RENK is predicting an operating profit in the range of €60 million. ROS will again be double digit, albeit probably shy of the high figure for 2013.

At a glance

RENK Group €million

	2013	2012	Change in %
Order intake	504	525	- 4
Sales	485	476	+ 2
Order backlog ²⁾	648	634	+ 2
Employees ²⁾	2,228	2,245	-
Thereof temporary ²⁾	42	78	-
			Change in €million
Operating profit ¹⁾	67	66	+ 1
EBT ¹⁾	66	66	-
EAT (net income) ¹⁾	43	46	- 3
Earnings per share (Eps) in € ¹⁾	6.39	6.74	-
Proposed dividend per share in €	2.00	2.00	-
ROS in % ¹⁾	13.7	13.9	-
ROCE in % ¹⁾	37.9	34.8	-
Capital expenditures ³⁾	27	28	- 1
Amortization and depreciation	16	14	+ 2
Internally funded R&D expenditures	8	7	+ 1
Cash Earnings	48	59	- 11
Cash flow from operating activities	85	66	+ 19
Cash flow from investing activities	(29)	(31)	+ 2
Free Cashflow	56	35	+ 21
Net liquid assets ²⁾	167	125	+ 42
Equity ²⁾	302	266	+ 36

1) Prior-year data restated due to the retroactive application of IAS 19 (2011)

2) As of December 31, 2013 vs. 2012.

RENK Aktiengesellschaft
 The Executive Board