



**RENK: Operating profit again at high level in 2017. Order intake, order backlog, and sales revenue down slightly as expected**

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RENK Group

€million	2017	2016
Order intake	434	486
Sales revenue	469	496
Order backlog <sup>1)</sup>	748	799
Headcount (no.) <sup>1)</sup>	2,235	2,205
Operating profit	60	67
Operating return on sales (%)	12.8	13.5

1) As of December 31

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**Order intake of €434 million**

RENK generated an order intake of €434 million in 2017. As expected, it did not match the high level of the previous year of €486 million. Standard Gear Units performed significantly better than in 2016, while all other segments reported declines compared to the previous year.

**Sales revenue of €469 million**

As forecast, sales revenue was also down on the previous year's figure of €496 million at €469 million in 2017. While Special Gear Units and Slide Bearings almost repeated their prior-year figures, Vehicle Transmissions and Standard Gear Units fell short of the previous year's level.

**Slight decrease in order backlog**

RENK had orders of €748 million in its books as of the end of 2017 after €799 million at the start of the year. Only Standard Gear Units achieved a slight increase, while orders were in decline at the other three segments.

**Operating profit again at high level in 2017**

As predicted, RENK's operating profit for 2017 contracted compared to the previous year at €60 million (€67 million). However, the operating return on sales is still in double digits at 12.8% (previous year: 13.5%).

**Employees**

RENK had 2,235 employees as of December 31, 2017 (December 31, 2016: 2,205) in addition to 74 subcontracted employees (previous year: 44). A total of 119 trainees completed their training at RENK in 2017 (previous year: 123).

RENK AG is a globally recognized manufacturer of high quality special gear units for tracked vehicles and the plant engineering and shipbuilding industries, and of drive technology and test system components. The company is the world market leader in automatic transmissions for heavy tracked vehicles, gear units for navy ships, and horizontal slide bearings.

RENK is majority owned by MAN SE, Munich. The MAN Group is one of Europe's leading industrial players in transport-related engineering.

### **Research and development**

In 2017 RENK invested €14 million (previous year: €11 million) of its own funds in the development of new products and the enhancement of existing ones. RENK therefore advanced its long-term strategy of gearing its development work towards customers' calls for technologically advanced concepts and integrated service packages.

### **Capital expenditures**

RENK invested a total of €19 million in intangible assets and property, plant and equipment in fiscal year 2017, around €6 million less than in the previous year (€25 million). Most of capital expenditure related to the main plant in Augsburg. RENK's long-term investment policy is geared towards the current and future market requirements. At the same time, it is focused on the continuous improvement of the cost structure to stand up to intensive competition. In implementing the internationalization strategy, €5 million was invested in the acquisition and formation of subsidiaries in the Netherlands, Korea, and India.

### **Dividend**

The Executive Board and the Supervisory Board propose to the Annual General Meeting the distribution of a dividend for fiscal year 2017 of €2.20 per share, as in the previous year. Measured against the closing price of the shares of €113.01 as of December 31, 2017, this corresponds to a dividend yield of 1.9% (previous year: 2.2%). In addition to the positive share price performance with an increase of 11.7% as against the previous year, RENK's employees will again share in the good results for the year.

### **Outlook**

RENK is forecasting significantly higher order intake compared to 2017 for fiscal year 2018 – assuming that the major projects planned are implemented. Sales revenue is likewise expected to be slightly higher than the previous year's level in 2018. Despite the tense competitive situation, an operating profit on par with the previous year is anticipated. Accordingly, the operating return on sales will decline slightly but remain in double digits.

## RENK Group – At a glance

€ million	2017	2016	Change (%)
<b>Order intake</b>	434	486	(10.6)
<b>Sales revenue</b>	469	496	(5.3)
<b>Order backlog<sup>1)</sup></b>	748	799	(6.3)
<b>Headcount<sup>1)</sup></b>	2,235	2,205	+1.4

€ million	2017	2016	Change in € million
<b>Operating profit</b>	60	67	(7)
<b>Profit before taxes</b>	61	65	(4)
<b>Profit after tax</b>	43	44	(1)
<b>Earnings per share in €</b>	6.30	6.50	–
<b>Operating return on sales in %</b>	12.8	13.5	–
<b>Capital expenditures<sup>2)</sup></b>	19	25	(6)
<b>Depreciation and amortization on noncurrent assets</b>	19	19	–
<b>Internally financed R&amp;D expenditures</b>	14	11	+3
<b>Cash flows from operating activities</b>	25	57	(32)
<b>Cash flows from investing activities</b>	-24	-25	+1
<b>Net cash flow</b>	1	32	(31)
<b>Cash and cash equivalents<sup>1)</sup></b>	199	214	(15)
<b>Equity<sup>1)</sup></b>	422	390	+32

1) As of December 31, 2017, as against December 31, 2016

2) For property, plant and equipment and intangible assets

RENK Aktiengesellschaft  
The Executive Board