

RENK
Trusted Partner

Investor & Analyst Presentation

August 2024

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RENK

1. Introduction

2. Market dynamics

3. Business deep dive

4. Financial overview

Experienced management team with strong track record



**Susanne
Wiegand**

CEO



**Christian
Schulz**

CFO



**Dr. Alexander
Sagel**

COO

RENK introduction

RENK's mission – empowering a secure and sustainable future



Empowering security

Empowering Forces

Enabling a sustainable future

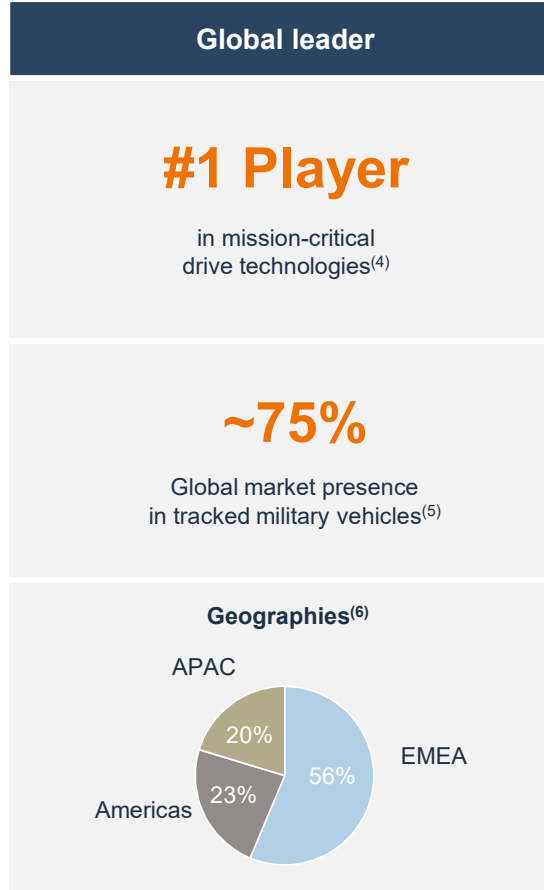


Defense super-cycle

Energy transition



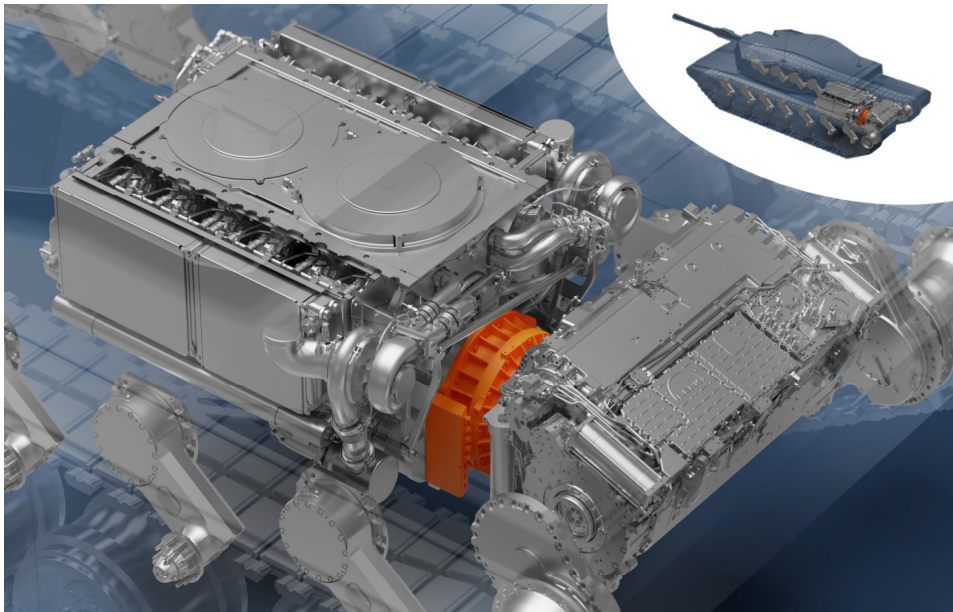
RENK – Leading provider of drive technologies with high aftermarket share



Cutting-edge, hard-to-replicate and complex technologies

High power in compact shape

Mobility system for tracked military vehicles



Driving Steering Braking ≤ 70 tons⁽¹⁾

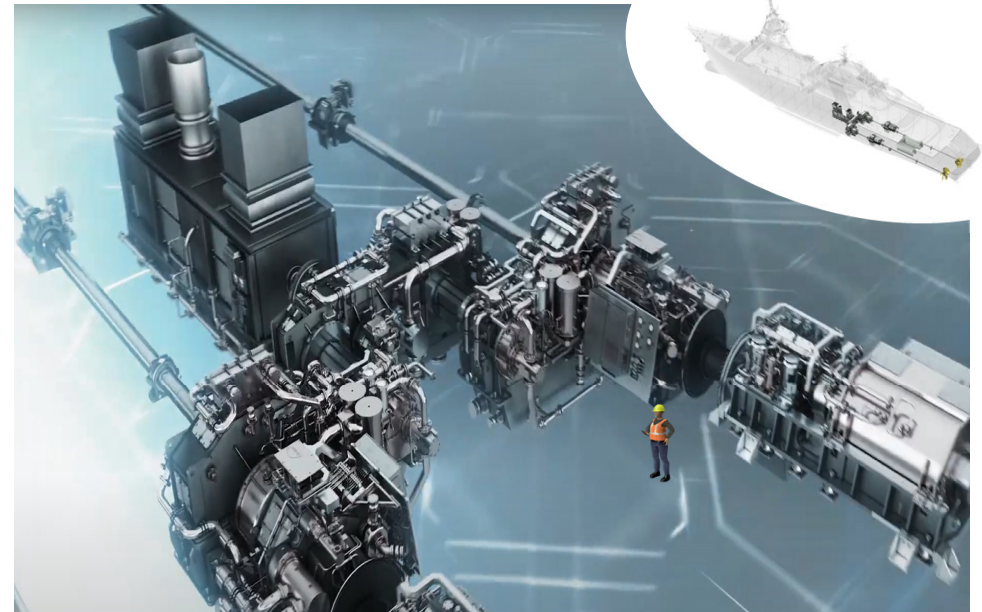
(1) Hybrid mobility system with capability to drive, steer, and brake up to 70 tons vehicle class weight

(2) Permissible limit of variation in product manufacturing

Source: Company information

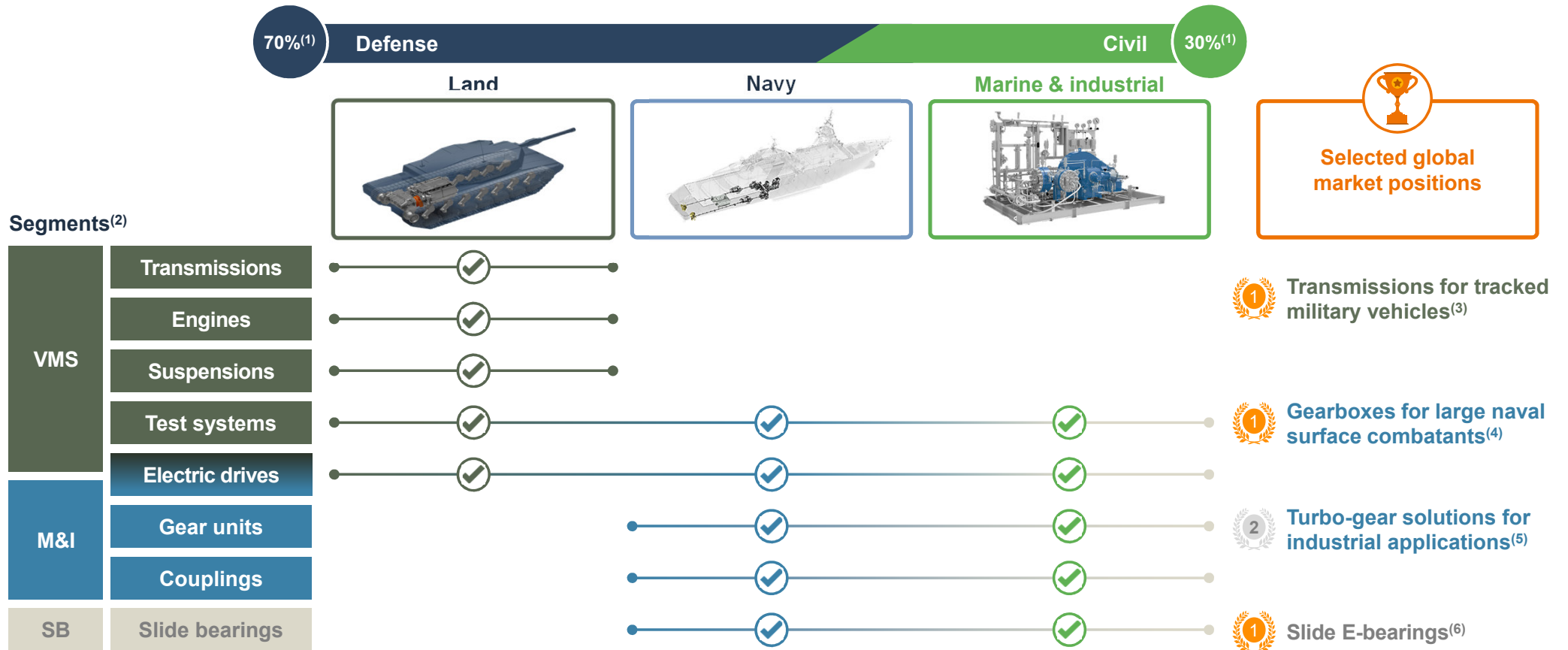
Ultra low vibration and noise

Naval propulsion system



$< 2-3\mu\text{m}$ precision⁽²⁾

Technology-leading portfolio of drive solutions



(1) Based on 2022A revenue split, defense and civil are defined by end market product application
 (2) VMS = Vehicle Mobility Solutions (incl Test systems for military and civil applications); M&I = Marine & Industry; SB = Slide Bearings; The Company applies IFRS 8 Segment Reporting starting in fiscal year 2023 and presents the segment information for three segments (VMS, M&I and Slide Bearings). For comparison purposes, the Company presents segment information for fiscal year 2022 in the segment structure effective from 1. January 2023 in this Analyst Presentation
 (3) Based on 2022A; overall positioning across all tracked categories including main battle tanks (MBT), tracked infantry fighting vehicles (IFV), tracked self-propelled howitzers (SPH), tracked military personnel carriers (APCs) and specialized support vehicles by number of installed base globally (2022A), excluding platforms of Russian and Chinese origin in-service outside of Russia and China and Embargoed Countries, as per Renaissance market study
 (4) Based on overall positioning for gearboxes with a global share of 32% across large naval surface combatants (frigates, destroyers, corvettes and amphibious assault ships), based on 2022A, by number of installed base of gearbox products (excluding slip rings) of large surface combatants globally, excluding platforms of Russian and Chinese origin in-service outside of Russia and China and Embargo Countries, as per Renaissance market study
 (5) Based on 2022A market share of RENK's total addressable market by value in turbo-gear solutions in industrial application globally, as per Roland Berger market study
 (6) Based on 2022A market share of RENK's total addressable market by value in standardized slides bearings (E-bearings) globally, as per Roland Berger market study

Empowering security – partner to EU, NATO, NATO-equivalent and other countries

■ Land military vehicles
 ■ Naval and coast guard vessels
 ● Used globally⁽⁷⁾
■ Present in Ukraine



180k+
Units in installed base⁽¹⁾



25
NATO countries supplied⁽²⁾































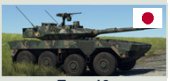




















40+
Navies and coast guards supplied⁽³⁾



70+
Armies supplied

■ Global: 70+ countries



Main battle tanks (MBT) & self-propelled howitzers (SPH)								
								
Leopard II	PzH2000	Leclerc	M88 / (M60) ⁽⁴⁾	Challenger 2	PIM	K9	K2	MERKAVA
MBT & SPH			Infantry fighting vehicle (IFV) & armored personnel carrier (APC)					
								
PT-91M	Panther KF51 ⁽⁵⁾	PUMA	Marder	Lynx	Borsuk	AJAX	Pizarro / Ulan	AMPV
IFV & APC			Wheeled & other					
								
Bradley	M113	Namer	Boxer	Fennek	KTO Rosomak	M777	M270 MLRS	Stryker
Wheeled & other			Offshore patrol vessel (OPV)					
								
FMTV	LAV 6.0	Hawkei	Type 16	Legend-class Nat. Security Cutter	Offshore Patrol Cutter	Vishwast OPV	Holland OPV	HDP-2200 OPV
OPV			Surface combatants					
								
Samarth-class OPV	Thaon di Revel OPV	Tae Pyung Yang OPV	F126-class Frigate	F125-class Frigate	Bergamini-class Frigate	Ver Huitfeldt-class Frigate	Inspiration-class Frigate	Tamandare-class Frigate
Surface combatants			Submarine & aircraft carriers & support vessels					
								
Incheon-class Frigate	Freedom-class Littoral Combat Ship ⁽⁶⁾	Nilgiri-class Frigate	Type 212A Submarine	Trieste Inding Helicopter Dock	Volcano logistics Support Ship	Tide-class Replenishment Ship	Deepak Fleet Solid Support Ship	Vikrant Aircraft Carrier

Note: Selection of platforms served; flag denotes end-customer

(1) Inventory of vehicles serviced by RENK as per Military Balance, Shephard Media and Janes, as of 2022A

(2) NATO countries not supplied: Albania, Bulgaria, Iceland, Luxembourg, Montenegro, Republic of Macedonia; only includes current installed base in-service

(3) Coast guard as part of defense related business (government security assignments). Includes navies and coast guards, which RENK currently supplies (in-service) and which RENK has supplied, but are no longer in-service (as per Renaissance market study)

(4) M60 is not displayed

(5) KF51 not yet in use, planned for export outside Germany

(6) Independence Class LCS is not displayed

(7) Globally defined as in use in two or more countries associated with EU, NATO, NATO-equivalent (including Japan, Switzerland, Australia, New Zealand) and / or in other countries (including India, Ukraine, Israel, Sweden, South Korea, Brazil, Philippines, United Arab Emirates, Jordan, among others), excl. Embargo Countries, non-supplied NATO countries

Sources: Company information, Renaissance Strategic Advisors

Enabling the energy transition – RENK services a wide range of different mission critical technologies / products for use in energy transition applications

SELECTED EXAMPLES

RENK product offering

-  High-speed gearboxes
-  High-torque gearboxes
-  Couplings
-  Bearings
-  Test systems

Reference projects in core markets, e.g.,




APAC



Hydrogen⁽¹⁾



CCUS⁽²⁾



Heat pumps



Wind



Hydropower



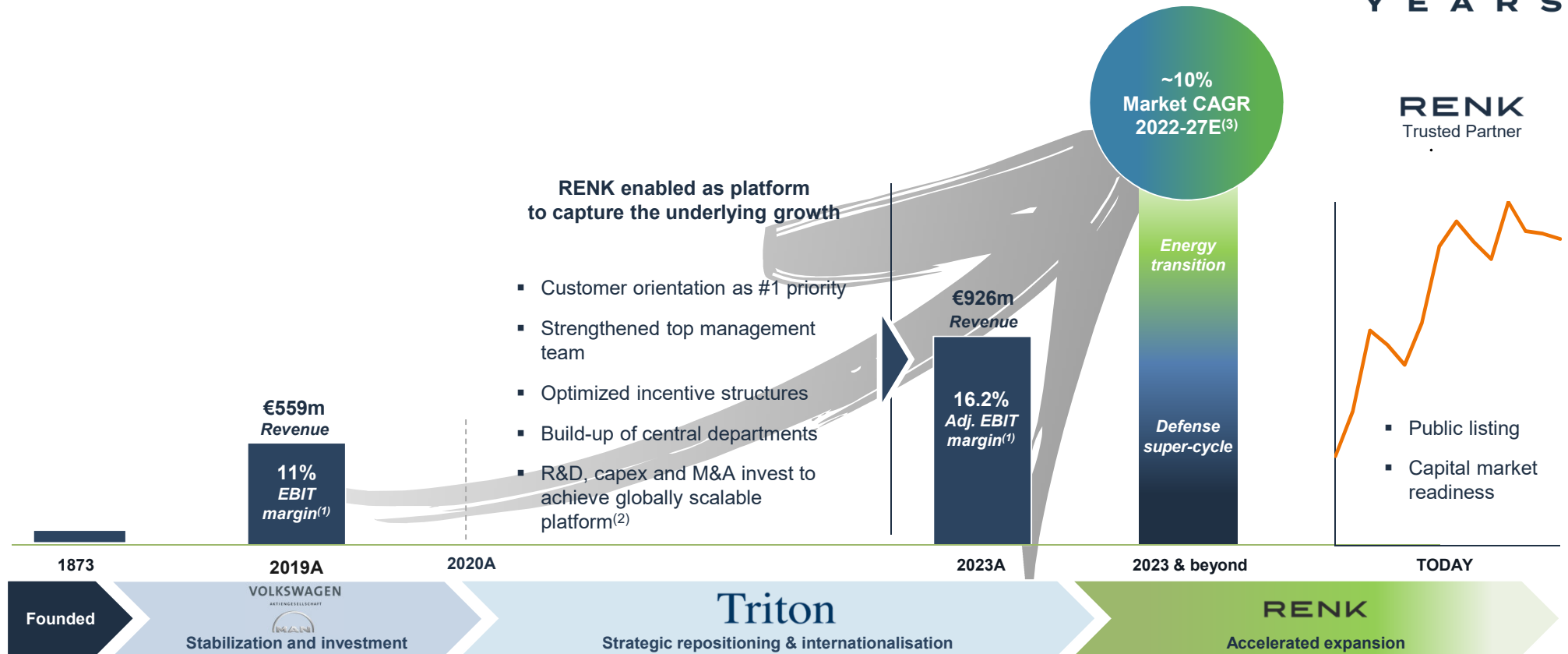
Bioenergy (e.g., e-fuels)

(1) Refers to gear units in hydrogen-related applications. Hydrogen is a versatile energy carrier, that can help decarbonize many industrial sectors, such as steel, refining, fertilizer production, and methanol
 (2) CCUS = carbon capture, utilization and storage. commercial, scaled-up CCUS can reduce CO2 emissions from the processing or combustion of hydrocarbons

Successful transformation of RENK into a global growth platform

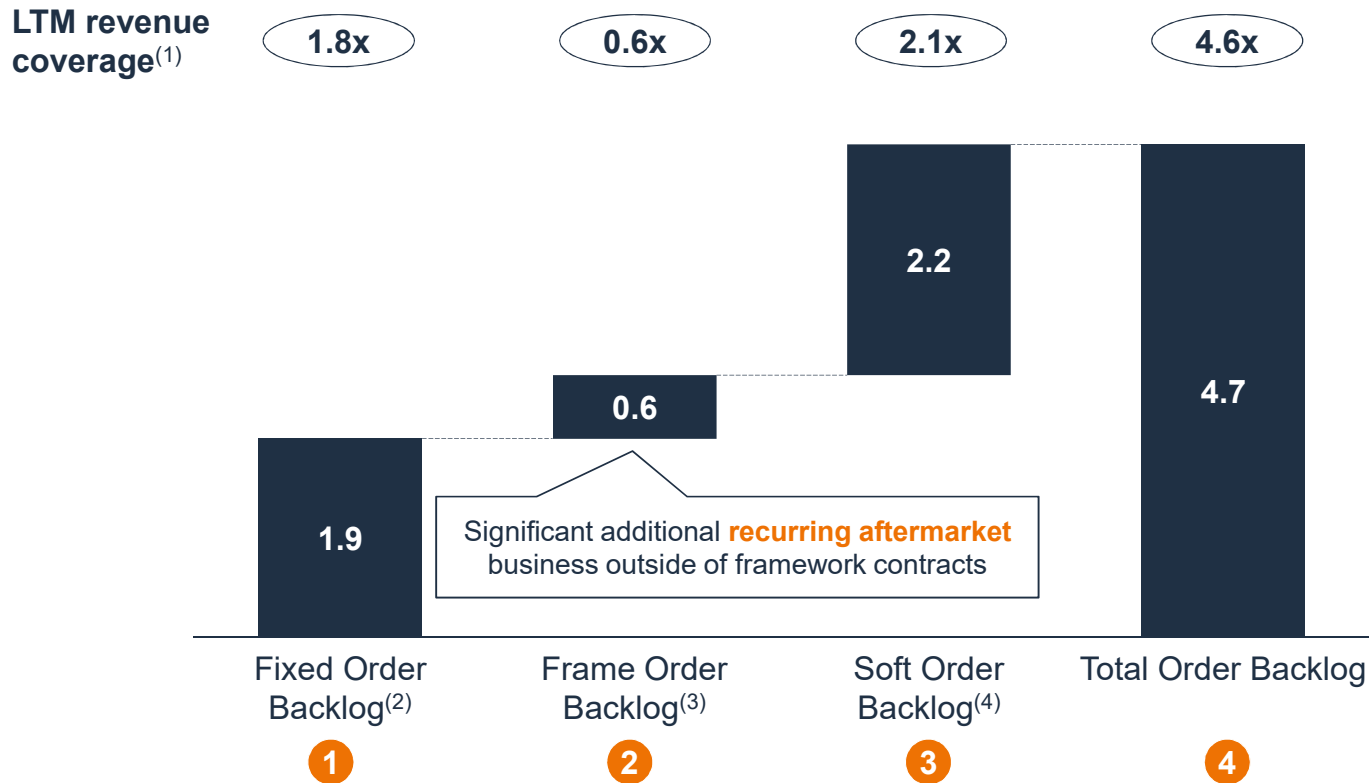
150
YEARS

RENK
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Total order backlog at >4x annual revenues – strong market demand beyond total order backlog

Total order backlog (Jun-24), €bn



Commentary

- 1 Fixed order backlog:** Increased by €203m thanks to strong order intake in the VMS segment. Order pipeline remains encouraging
- 2 Frame order backlog:** €0.1bn frame order backlog converted to fixed order backlog
- 3 Soft order backlog:** Highly visible sole source projects and successor business until June 2028 – increase driven by firming up of future business
- 4 Total order backlog** of ~€4.7bn and ~4.6x revenue coverage as of Jun-24

We see a large volume of profitable business opportunities for the coming years, beyond the projects that we have included in our soft and total order backlog

Benefiting from platform-agnostic sole-source incumbency positions

RENK platform stats (2022A)

180k+
in land⁽¹⁾
defense installed base

220+
in navy⁽²⁾
defense installed base

30+ years
avg. product lifecycle⁽³⁾
(land and naval defense)

~37%
of revenues (in defense)
sole-sourced⁽⁴⁾

~31%
in 2022A aftermarket
revenue⁽⁵⁾

~61%
European & North American
tracked vehicle platform (types)
supplied by RENK⁽⁶⁾

Addressed platforms – land & naval

■ Years in service ■ Expected future service⁽⁸⁾

Platform	2022A active installed base ⁽⁷⁾	Entry service	Expected out of service date
Top-5 Land			
M2 Bradley	~7,300	1981	2060
Stryker	~4,600	2002	2062
M88	~3,120	1961	2064
Leopard II	~3,000	1978	2068
K9 Thunder	~1,750	1999	2064
Top-5 Navy			
MEKO Frigate Variant (Global)	64	1983	2090
Littoral Combat Ship (USA)	23	2010	2038
Taepyeongyang (South Korea)	14	1994	2083
USCG National Security Cutter	9	2008	2045
FREMM Frigate (Italy)	8	2008	2038

Today

Note: Top 5 Land and Navy platforms defined by size of installed base of RENK

(1) Based on RENK installed base in all tracked vehicle categories, i.e. main battle tanks (MBT), tracked infantry fighting vehicles (IFV), tracked armored personnel carriers (APC) and tracked self-propelled howitzers (SPH) and specialized support vehicles, as well as in wheeled vehicle categories (as per Renaissance market study)

(2) Based on RENK installed base in all naval categories, i.e. large surface combatants, mine counter measures, small surface combatants, submarine, auxiliary & support vessels, patrol vessels, landing platform dock, landing helicopter dock and aircraft carriers (as per Renaissance market study)

(3) Average lifecycle of heavier tracked vehicle platforms, excluding lighter wheeled platforms, as well as average service life of naval surface combatants, from production to end of service including periods of major overhaul and refit (as per Renaissance market study)

(4) Based on 2022A revenues, non-competitive share in defense-related product applications with RENK being the only available contractor for the customer

(5) Aftermarket refers to depot MRO (maintenance, repair, overhaul) and upgrades of products and platforms, incl. spare parts and other aftermarket services; replacement of installed RENK products in defense and civil applications will be considered as aftermarket

(6) Based on 2022A; includes all tracked platforms (APC, IFV, MBT, SPH, Specialized Protected Support and other support vehicles) by number of platform families in installed base, in North America and Europe

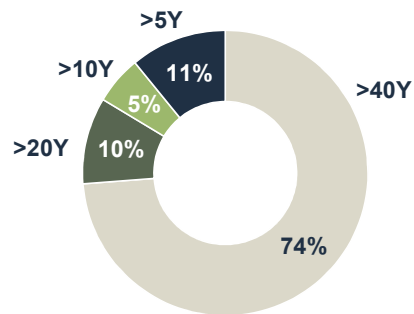
(7) Refers to number of vehicles and vessels, not equal to the number of installed RENK products

(8) Based on assumption of a 40-year service life, inclusive of upgrade and overhaul

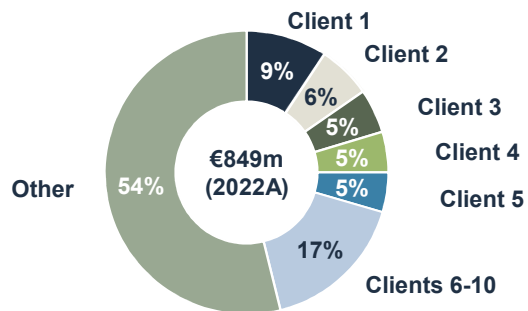
Sources: Renaissance Strategic Advisors, SIPRI, US DoD

Entrenched with diversified global customer base

Revenue by top 10 customer tenure⁽¹⁾



Revenue customer split⁽²⁾



Long standing relationships with governments⁽³⁾...



...defense OEMs / integrators...



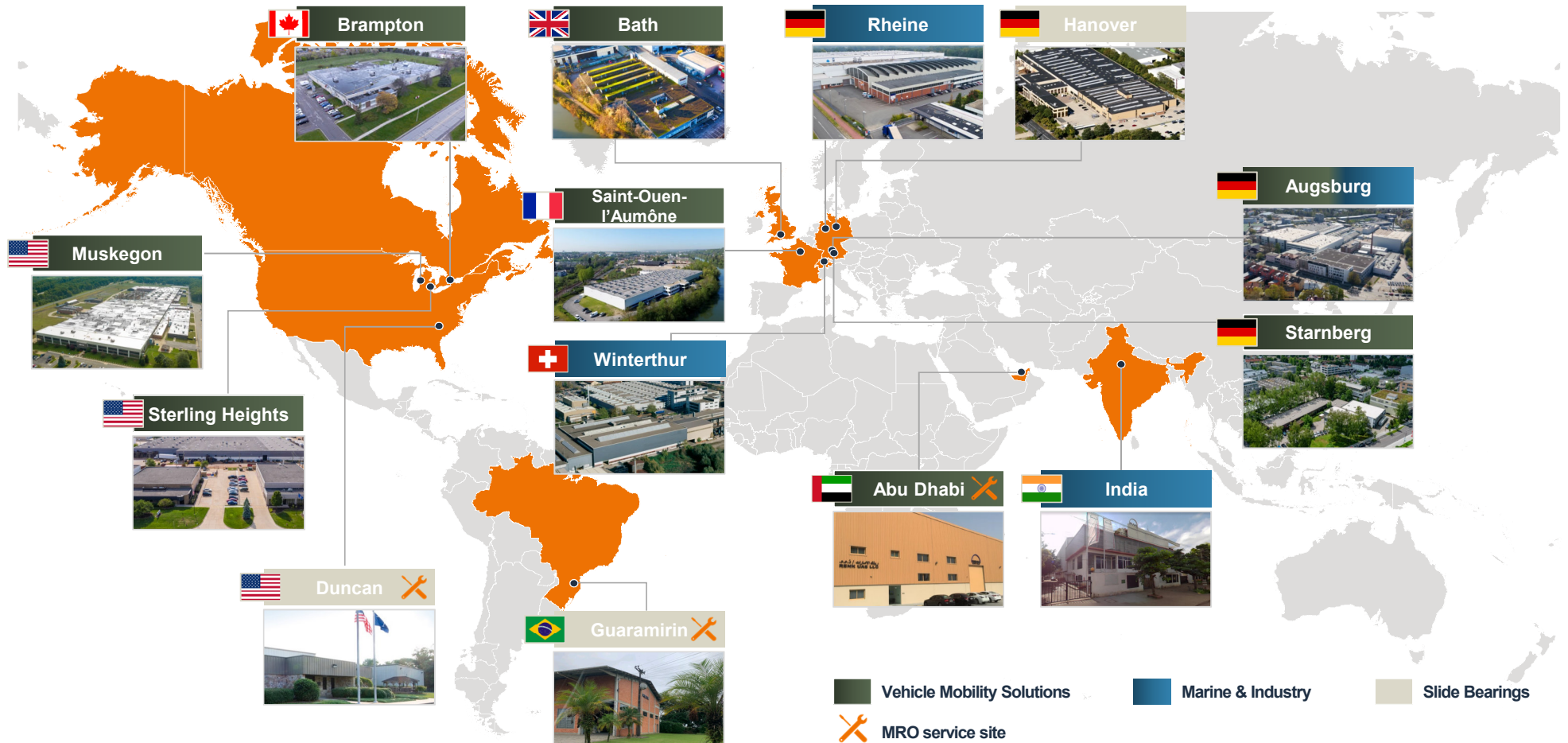
...as well as blue chip industrials customers



(1) Average duration (in years) of customer relationship, measured for top 10 customers
 (2) Sums up to 100%, difference due to rounding
 (3) Represents a selection of governments from total with which the Group has relationships

Source: Company information

Industrial footprint strategically located close to customers

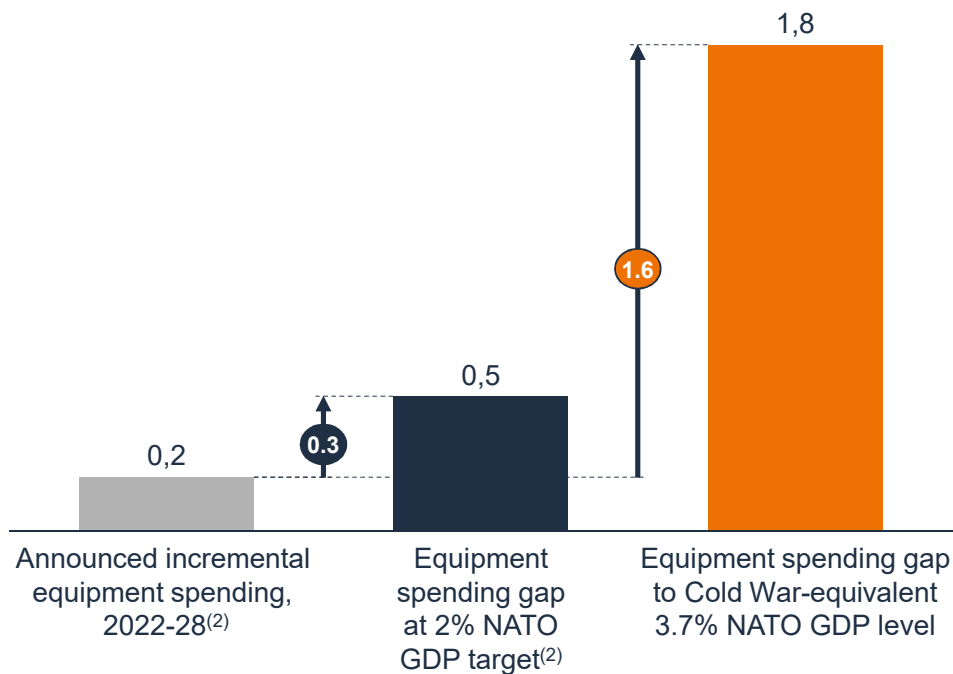


Note: MRO = Maintenance, repair and overhaul

Source: Company information

Defense equipment spending in NATO Europe still not sufficient to meet NATO spending targets

Incremental equipment spending in NATO today compared to 2% GDP target levels & additional potential at Cold War spending levels (\$tn)



Compared to NATO target of 2% of GDP, there remains an **incremental equipment spending gap of \$0.3tn**

And returning to Cold-War equivalent levels of spending would add an **additional \$1.6tn in incremental equipment spending**

Note: Figures are not adjusted for inflation. Gap of every country (3.7% cold war era, 2% NATO target) is calculated separately and summed up, overachievement (e.g., of UK) does not reduce the gap. NATO Europe (i.e., NATO excl. US and Canada) plus Sweden, Austria, Switzerland; based on publicly available data; scenarios vary in assumptions on how fast multi-year budget increases are spent and whether currently uncertain budget increases are realized

(1) Calculated as gap between actual equipment spend and target equipment spend on individual country level
 (2) Assumes 27% share of equipment (i.e., US 5-year average) rather than 20% NATO Equipment Spend Target

Sources: Company analysis based on NATO statistics, World Bank, government announcements

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Key takeaways - Defense market



RENK is present in two main defense markets: land and naval drivetrain solutions



RENK is #1 player in mission critical drive technologies⁽¹⁾ with ca. 75% global market presence in tracked military vehicles⁽²⁾



RENK has a strong installed base in land vehicles and naval vessels with 180k+ vehicles and vessels addressed⁽³⁾



Defense super-cycle is expected to accelerate driven by global security threats



RENK land vehicles (14% CAGR 22-27) and naval vessels (8% CAGR 22-27) TAM is expected to outgrow the broader defense market



RENK land vehicles and naval vessels TAM is expected to grow at ca. 13% CAGR 22-27 and reach €4.1bn in 2027

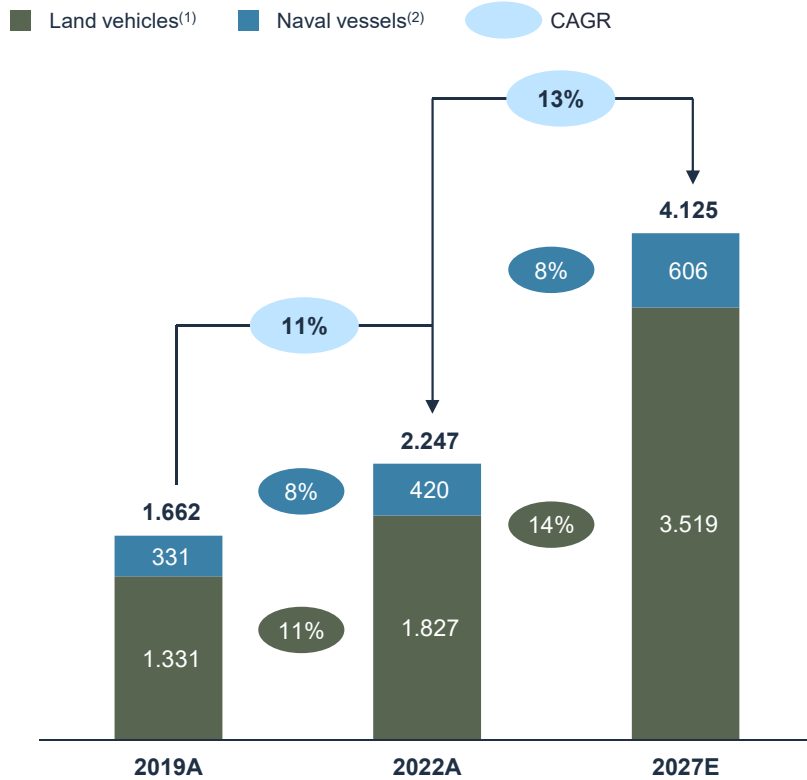
(1) Refers to systems / subsystems, such as transmissions for tracked military vehicles, gear units for large naval surface combatants and slide e-bearings, that are critical for the mechanical operation of military vehicles & vessels. Based on being "positioned on 75% of NATO & Allied tracked vehicles" and "RENK provides mission critical mechanical systems and subsystems at various stages in the lifecycle" as per Renaissance Strategic Advisors

(2) Includes any product with RENK's presence on tracked military vehicles by number of installed base globally (2022A), excluding platforms of Russian and Chinese origin in service outside of Russia and China and Embargo Countries

(3) Based on RENK installed base in all tracked vehicle categories, i.e., main battle tanks (MBT), tracked infantry fighting vehicles (IFV), tracked armored personnel carriers (APC) and tracked self-propelled howitzers (SPH) and specialized support vehicles, as well as in wheeled vehicle categories and RENK installed base in all naval categories, i.e., large surface combatants, mine counter measures, small surface combatants, submarine, auxiliary & support vessels, patrol vessels, landing platform dock, landing helicopter dock and aircraft carriers

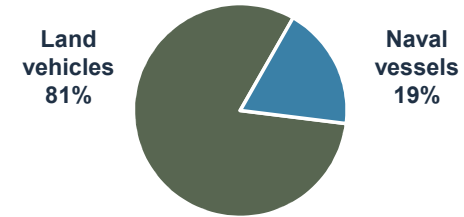
RENK serves fundamentally attractive and geographically diversified addressable markets

RENK land vehicles and naval vessels TAM 2019A-2027E (€m)

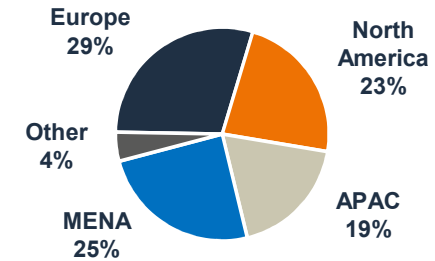


Snapshot of RENK land vehicles and naval vessels TAM in 2022A

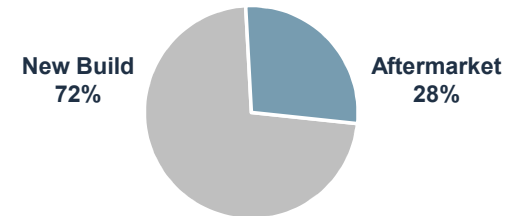
Land vs naval applications



Geography split



New Build vs Aftermarket⁽³⁾



(1) RENK addressable land vehicles market includes transmissions, engines, suspensions, final & electric drives for combat and select tactical vehicles
 (2) RENK addressable naval vessels market includes couplings, slide bearings, gear systems, electric drives and variable frequency drives for surface combatants and diesel electric submarines
 (3) Naval applications are classified under new build given limited service and maintenance offerings due to limited ability to remove RENK products once installed on naval vessels

Key takeaways – Civil market



Increasing demand drives ca. 5% CAGR 2022A-27E of the civil total addressable market, which is expected to reach €6.1bn in 2027E



RENK has market leading positions for mission-critical drive solutions across diverse civil end markets



RENK appears strongly positioned to serve the rapidly growing market for high-speed gears for New Energy applications



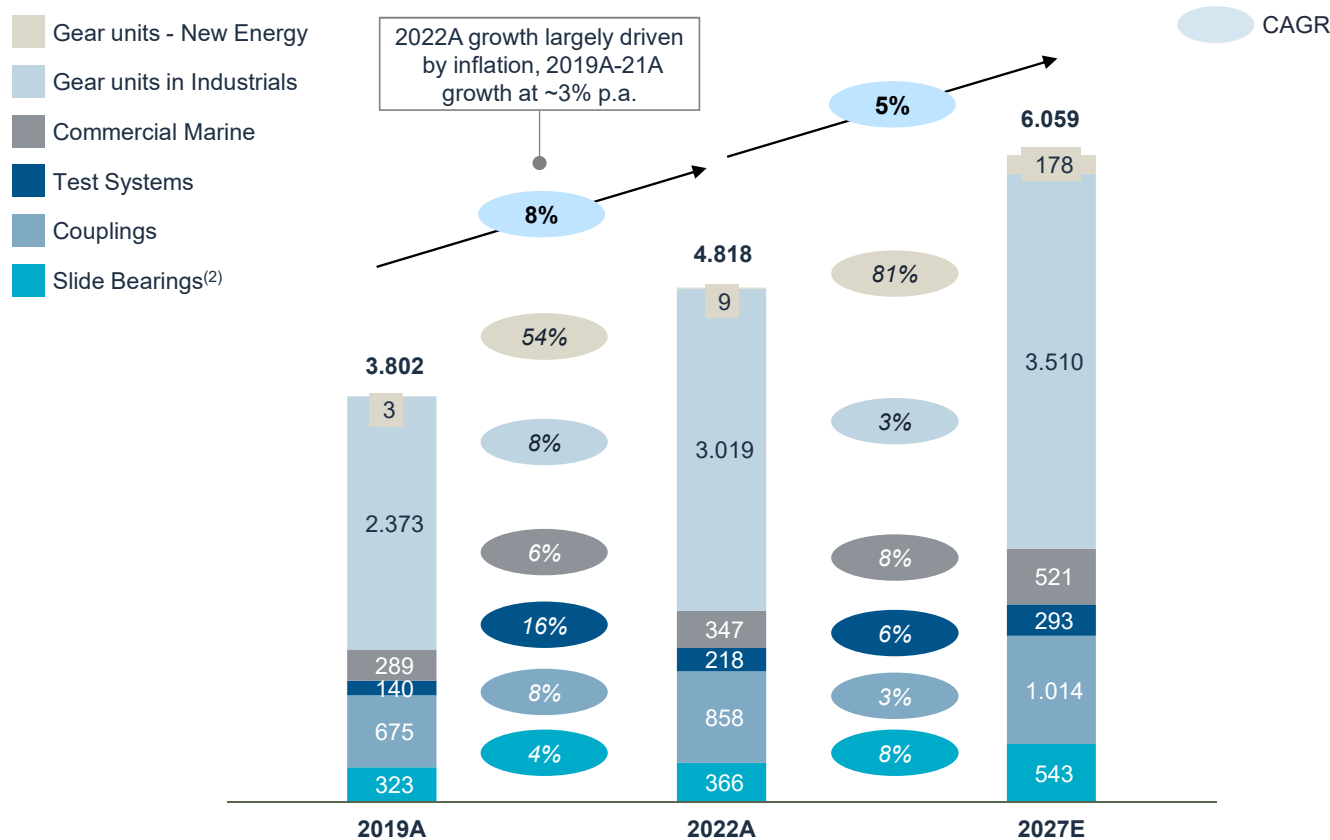
Commercial Marine market growth driven by post Covid recovery, and regulatory requirements for more energy efficient vessels



Increased regulatory environment expected to drive increased adoption of decarbonization technologies, support significant demand for RENK gear units

RENK total civil TAM of ~€5bn growing to €6bn by 2027 driven by a changing regulatory environment, supply-chain constraints, and a post-Covid recovery

RENK civil total addressable market⁽¹⁾ (in €m)



Market drivers

Regulatory environment

Global Carbon Net Zero ambition underpinned by regulatory changes (e.g. EU Green Deal, USA IRA) expected to drive civil market transformation and gear units in emerging New Energy market segment

Supply-chain

Recent developments and supply chain disruptions have driven efforts to nearshore production of critical goods, expected to stimulate demand for gear units in key industries

Covid recovery

Capex development of key underlying markets in a post-Covid era are expected to continue their recovery trajectory and develop positively thereby stimulating demand for new gear units

(1) Total addressable market includes potential for new equipment sales, aftermarket and service
 (2) Relates to slide bearings (e-bearings) market only

Source: Roland Berger

RENK with its expertise, market position & product offering, appears strongly positioned to benefit from expected growth in new energy markets

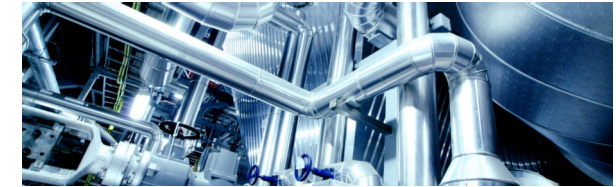
CCUS



Hydrogen

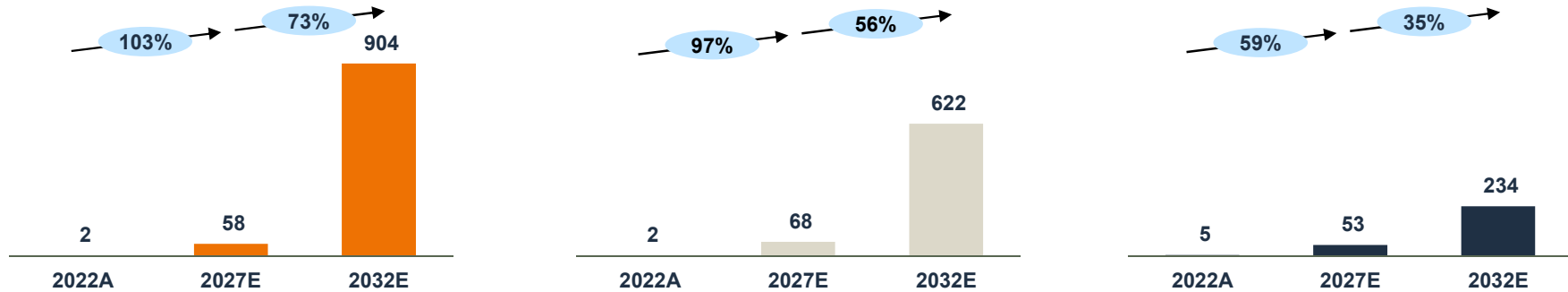


Heat pumps



RENK TAM
2022A-2032E
in €m

CAGR



Success factors	Description	RENK Strength
High-speed experience	<ul style="list-style-type: none"> High-speed capabilities are the key prerequisite to succeed 	<ul style="list-style-type: none"> Strong experience in oil & gas and power generation Strong expertise in configure-to-order development
Relationships with OEMs	<ul style="list-style-type: none"> Compressor OEMs driving new, innovative solutions Co-development of tailored gear unit equipment alongside compressor OEM required 	<ul style="list-style-type: none"> Strong relationships with compressor OEMs MAN ES and Siemens, who are among those at the forefront of the development of technological solutions for the gear units in the new energy industry
Reference projects	<ul style="list-style-type: none"> Successful reference projects can serve as lighthouse projects 	<ul style="list-style-type: none"> RENK is already involved in key large scale projects (e.g. industrial heat pump projects in Finland, hydrogen projects in the US & Germany (SALCOS))

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High visibility growth in sweet spot of defense super-cycle

Defense

Civil

Defense super-cycle

Energy transition



Main battle tanks



Infantry fighting vehicles



Self-propelled howitzers



Test systems - Railway



Wheeled vehicles



Armored personnel carriers



Test systems - A&D⁽¹⁾



Test systems - Wind power

(1) Aerospace & Defense

Source: Company information

Vehicle Mobility Solutions key highlights

Key highlights



Transmissions for tracked military vehicles⁽¹⁾

€528m Revenue 2023A

20% Adj. EBIT⁽²⁾ margin 2023A

Strategy for growth

A



Technology leadership with extensive portfolio of mission-critical drive technologies for military vehicles

B



Capitalize on international footprint: with global installed base of 180k+ tracked and wheeled military vehicles

C



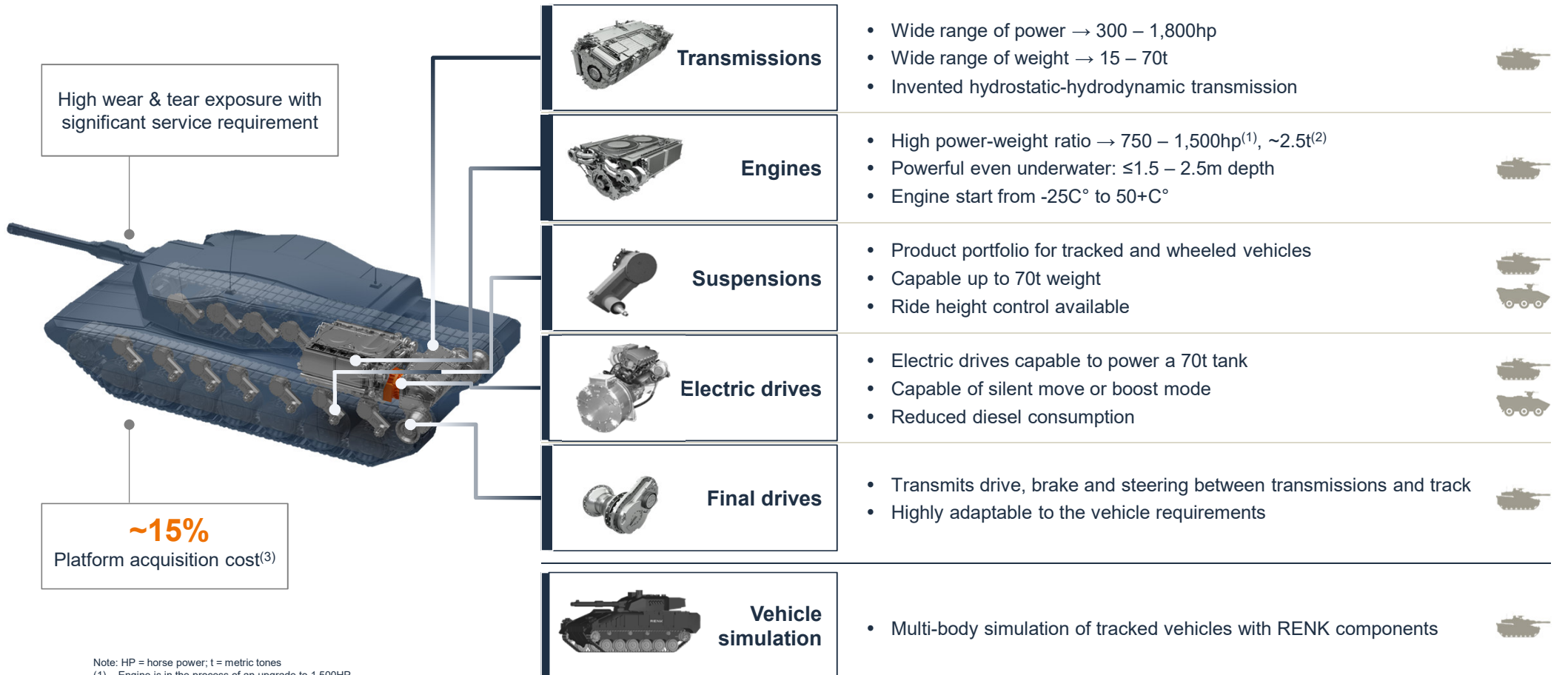
Capture high-margin, recurring revenues throughout multi-decade product lifecycle

(1) Based on 2022A; overall positioning across all tracked categories including main battle tanks (MBT), tracked infantry fighting vehicles (IFV), tracked self-propelled howitzers (SPH), tracked armored personnel carriers (APCs) and specialized support vehicles by number of installed base globally (2022A), excluding platforms of Russian and Chinese origin in-service outside of Russia and China and embargoed countries as per Renaissance market study

(2) Adj. EBIT is defined as operating profit before the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature. EBIT margin and adj. EBIT margin are defined as EBIT or adj. EBIT, as applicable, divided by revenue.

Extensive portfolio of complex and critical sub-systems & components for tracked and wheeled military vehicles

 Tracked vehicles  Wheeled vehicles



High wear & tear exposure with significant service requirement

~15%
Platform acquisition cost⁽³⁾

Note: HP = horse power; t = metric tones

(1) Engine is in the process of an upgrade to 1,500HP

(2) Refers to metric tons

(3) RENK total addressable component value relative to the military vehicle value; calculation refers mainly to tracked vehicles and can differ from vehicle to vehicle

Source: Company information

Mission-critical drive technologies for Marine & Industry

Defense

Civil

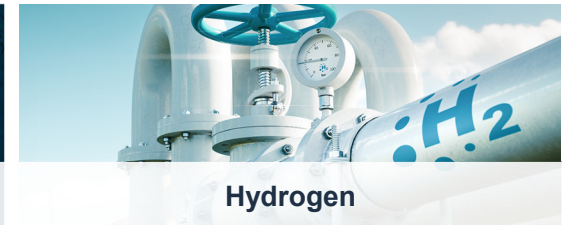
Defense super-cycle



Energy efficiency



Energy transition



Note: CCUS = carbon capture, utilization and storage

(1) Permissible limit of variation in product manufacturing

(2) Extrusion is a process used to create objects of a fixed cross-sectional profile by pushing material through a die of the desired cross-section

Marine & Industry key highlights

Key highlights



Globally in gearboxes for navy⁽¹⁾



Globally in high-speed gear solutions for industrial applications⁽²⁾

€296m Revenue 2023A

10% Adj. EBIT⁽³⁾ margin 2023A

Strategy for growth



Increase our **technology leadership** for navy and energy transition applications



Capitalize on international footprint: sales & service network and diversified blue chip customer base



Capture high-margin and **recurring life-cycle revenues** with increased aftermarket penetration and digital solutions

(1) Based on overall positioning for gearboxes with a global share of 32% across large naval surface combatants (frigates, destroyers, corvettes and amphibious assault ships), as of 2022A, by number of installed base of gearbox products (excluding slip rings) of large surface combatants globally, excluding platforms of Russian and Chinese origin in-service outside of Russia and China and Embargo Countries, as per Renaissance market study
(2) Based on 2022A market share of RENK's total addressable market by value in high-speed gear solutions in industrial application globally, as per Roland Berger market study
(3) Adj. EBIT is defined as operating profit before the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature. EBIT margin and adj. EBIT margin are defined as EBIT or adj. EBIT, as applicable, divided by revenue

Mission-critical solutions for energy efficient and energy transition applications

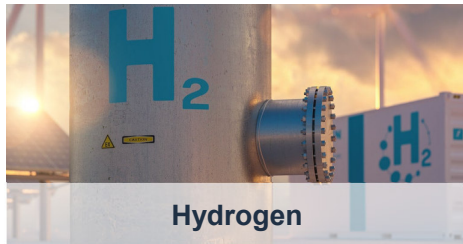
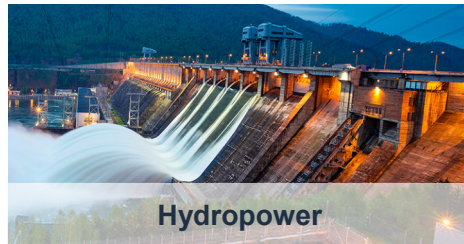
Defense **Civil**

Defense super-cycle + energy efficiency / transition

Navy **Commercial marine + Industry**



Energy



Note: CCUS = Carbon capture, utilization and storage

Source: Company information

Slide Bearing solutions key highlights

Key highlights



Slide E-bearings⁽¹⁾

Strategy for growth

A



Sustain **market leadership** for **E-bearings** and further execute on strong technology leadership position and broad product offering

€111m Revenue 2023A

B



Sustain **attractive niche in naval applications** such as thrust bearings and propulsion motor bearings

16% Adj. EBIT⁽²⁾ margin 2023A

C



Capitalize on **switching from industrial roller-bearings** to slide bearings in Offshore Wind application

Note: CCUS = Carbon capture, utilization and storage

(1) Refers to 2022A market share of RENK's total addressable market by value in E-bearings globally, as per Roland Berger market study

(2) Adj. EBIT is defined as operating profit before the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature. EBIT margin and adj. EBIT margin are defined as EBIT or adj. EBIT, as applicable, divided by revenue

RENK

1. Introduction

2. Market dynamics

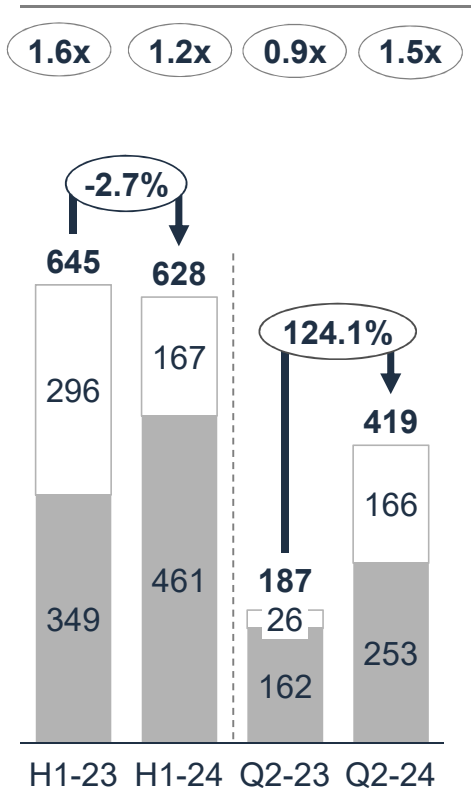
3. Business deep dive

4. Financial overview

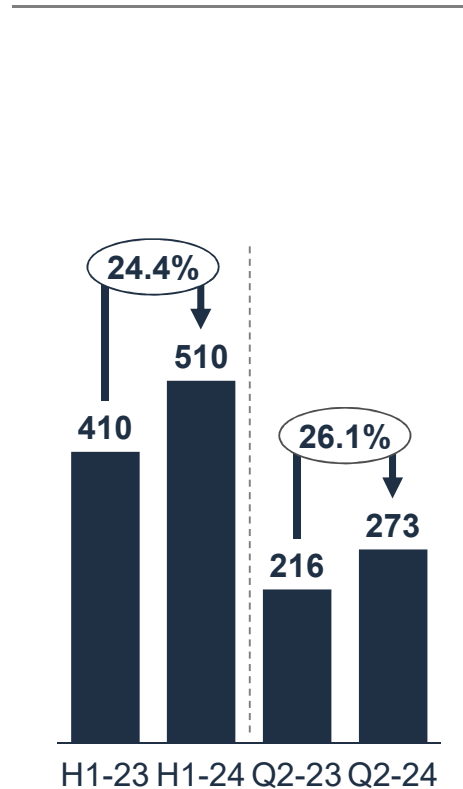
Strong revenue growth in defense and aftermarket-related areas

○ YoY growth ○ Book-to-bill ratio⁽¹⁾
 □ Large order(s)

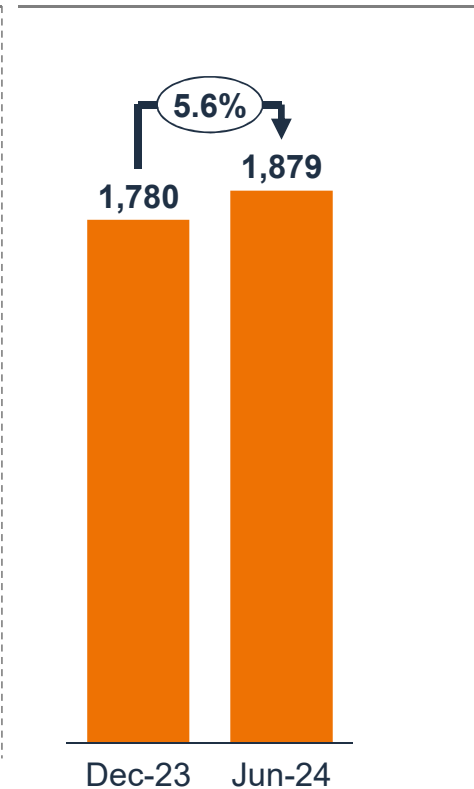
Order intake, €m



Revenue, €m



Fixed order backlog⁽²⁾, €m



Commentary (Q2)

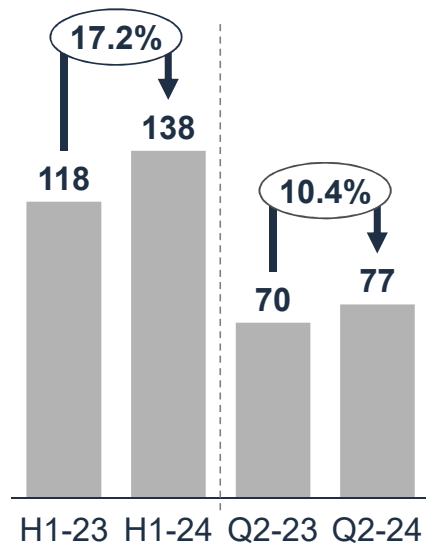
- Substantially higher order intake in Q2 due to a large order win in VMS
- Book-to-bill recovered to 1.5x in Q2
- Order pipeline promising
- Navy order intake strong, indicating further margin-accretive Navy growth going forward
- Significant revenue growth of 26.1% YoY across all segments, driven by strong growth in defense related areas
- Moderate increase of fixed order backlog vs. Q4 2023 due to order wins and conversion of frame orders

Strong adj. EBIT performance – FY guidance narrowed

- YoY growth
- Adj. gross profit margin
- Adj. EBIT margin
- Net debt / LTM Adj. EBITDA⁽⁴⁾
- Adj. EBIT margin without one-time warranty provision

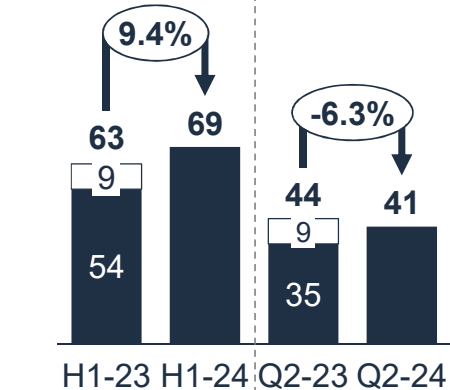
Adj. gross profit⁽¹⁾, €m

28.7% 27.0% 32.2% 28.2%



Adj. EBIT⁽²⁾, €m

15.4% 13.5% 20.3% 15.1%
13.2% 16.2%



Net debt⁽³⁾, €m



Commentary (Q2)

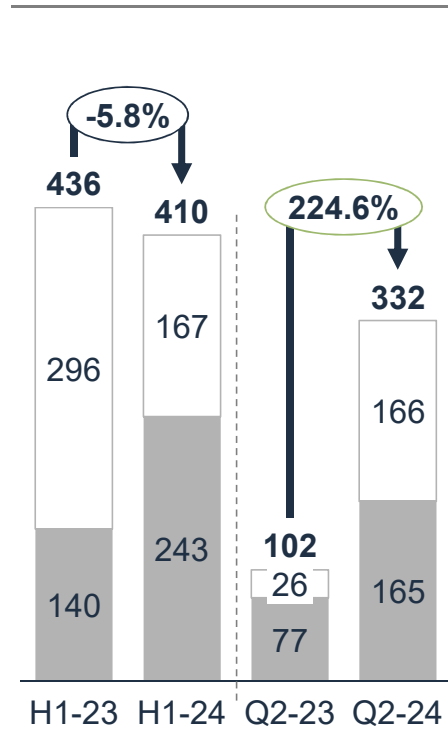
- Translation of strong revenue growth into considerable increase in adj. gross profit:
 - Solid volume growth, higher operating leverage and successful efficiency improvements especially in Augsburg
 - Mix (Navy, aftermarket) improvement
- Adj. gross profit higher despite warranty provision release in Q2 2023
- Significantly higher adj. EBIT in Q2 (+24.3% YoY) excluding effects from R&D increase (€2.5m YoY increase in Q2, €5.9m YoY increase in H1) and warranty provision release of €9m in Q2 2023
- Net debt stable compared to Q4 2023 despite refinancing-related cash outflows

VMS: Significant revenue growth & 2.1x b-t-b driven by Defense super cycle

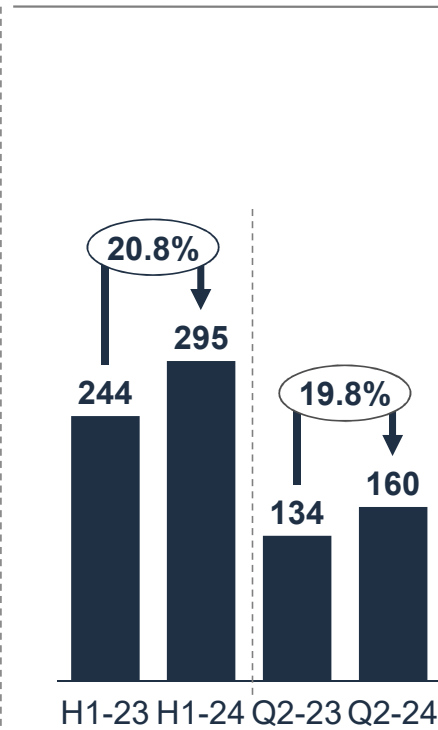
- YoY growth
- ◐ Adj. EBIT margin without one-time warranty provision
- ◑ Large order(s)

Segment financials, €m

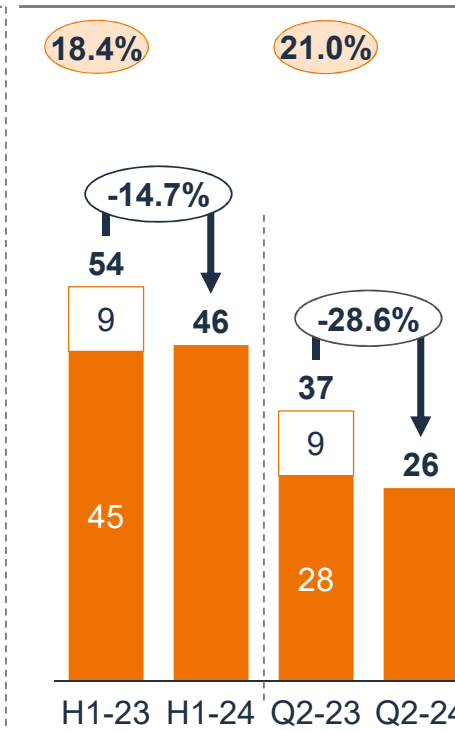
Order intake



Revenue



Adj. EBIT⁽¹⁾



Commentary (Q2)

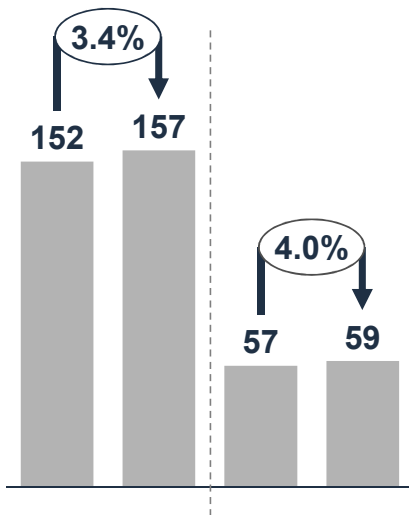
- Q2 Order Intake in VMS YoY substantially higher including a large US order win (volume: €166m)
- Book-to-bill 2.1x in Q2 2024
- Significant Q2 revenue growth of 18,9% YoY due to operational improvement and higher output, especially in Augsburg, as well as solid aftermarket activity
- Measures to take the operating model of RENK America to the next level underway and progressing
- Adj. EBIT comparison in Q2 impacted by higher R&D expenses (€2.4m YoY increase in Q2 2024) and €9m warranty provision release in Q2 2023

M&I: Revenue growth accelerated, margin at double-digit level

○ YoY growth ○ Adj. EBIT margin

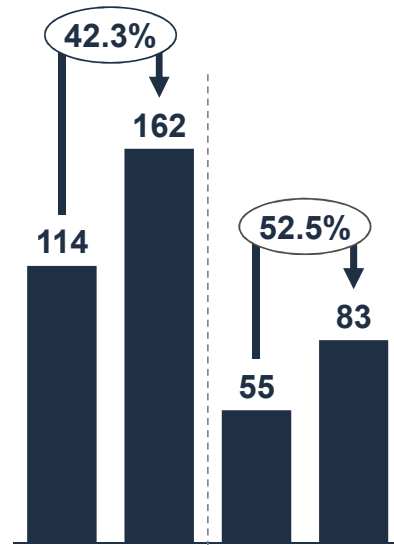
Segment financials, €m

Order intake



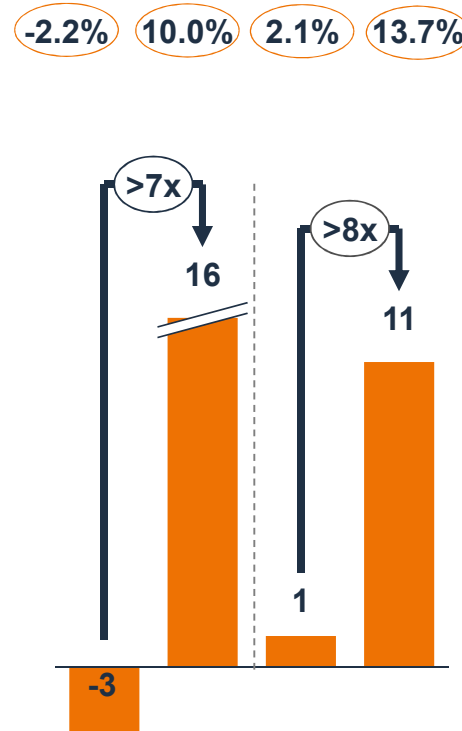
H1-23 H1-24 Q2-23 Q2-24

Revenue



H1-23 H1-24 Q2-23 Q2-24

Adj. EBIT⁽¹⁾



H1-23 H1-24 Q2-23 Q2-24

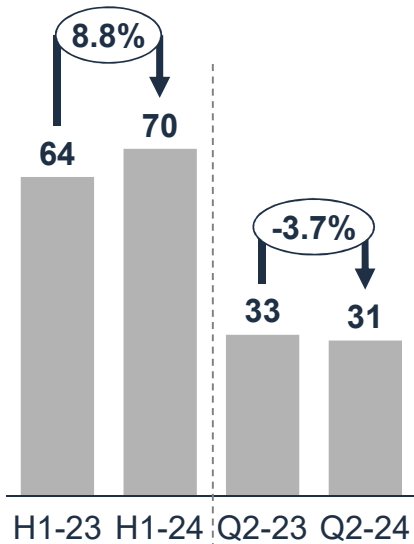
Commentary (Q2)

- Book-to-bill below 1.0x in Q2 2024 following strong order intake in Q1 2024 (H1 2024 book-to-bill at ~1.0x)
- Significant Q2 revenue growth of 52.5% YoY due to increases in Navy, Industry and aftermarket following strong Navy order intake in 2022 and 2023
- Revenue growth and positive mix effects (Navy and aftermarket) → strong increase of adj. EBIT YoY (adj. EBIT margin up 11.6 pp. in Q2 2024)

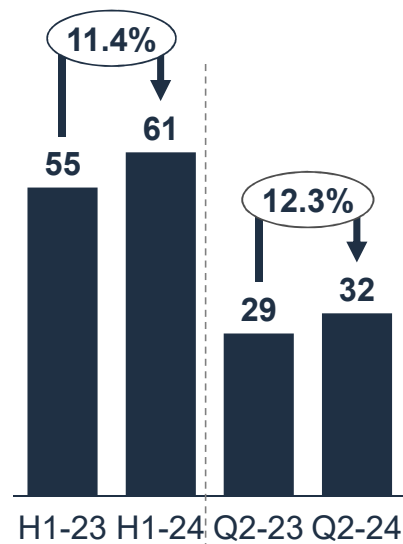
Slide Bearings: Growth in e-Bearings and further EBIT margin expansion ○ YoY growth ○ Adj. EBIT margin

Segment financials, €m

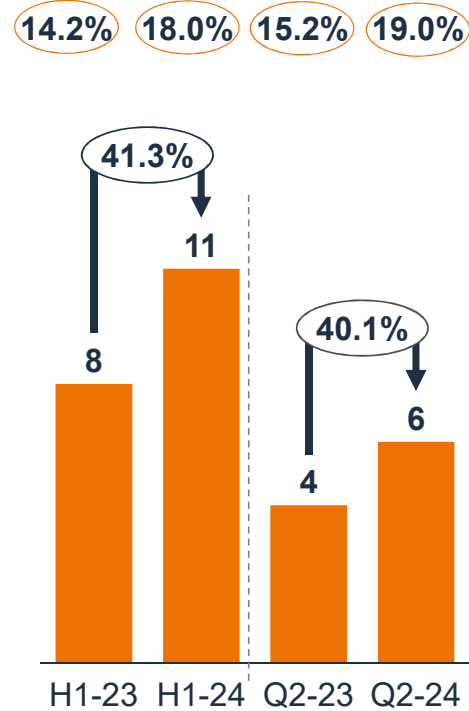
Order intake



Revenue



Adj. EBIT⁽¹⁾



Commentary (Q2)

- Slight decrease in order intake in Q2 of 3.7% YoY; order intake from the power generation sector and aftermarket remains strong
- In Q2 considerable revenue growth in SB segment of 12.3% YoY: higher demand of bearings for electric motors and generators and marine applications and aftersales
- Margin expansion especially driven by significantly higher share of aftermarket business

Adjustments mainly related to PPA, refinancing costs and RAMup

For the period, €m

	H1-23	H1-24	Q2-23	Q2-24
Operating profit	31.9	35.6	25.2	23.7
PPA depreciation and amortization as well as income / losses from PPA asset disposals ¹	23.4	22.1	12.2	11.2
Operating profit before PPA depreciation and amortization as well as income / losses from PPA asset disposals	55.3	57.7	37.4	34.9
Capital Markets Readiness Costs	0.3	² 1.6	0.3	-0.6
M&A activity related costs	1.1	0.5	0.4	0.5
Inflation compensation premium	1.5		1.5	
Severance Provision	1.3		1.3	
Other adjustments	3.5	9.1	3.0	6.3 ³
Adj. EBIT	63.0	69.0	43.9	41.1
Depreciation, amortization and impairment losses (excluding PPA depreciation and amortization)	15.2	15.7	7.7	8.0
Adj. EBITDA	78.2	84.6	51.6	49.1

Commentary

- Adjustments are mainly attributable to effects of purchase price allocations, which mainly relate to depreciation and amortization of revalued non-current assets
- Cost incurred in the context of achieving capital market readiness as listing on Frankfurt Stock Exchange was completed during Q1 2024
- Other adjustments mainly include RAMup, a program to enhance the operating model of RENK America, consultancy and advisory expenses as well as costs related to refinancing

NWC ratio expected to decline in the mid-term

Net working capital, €m

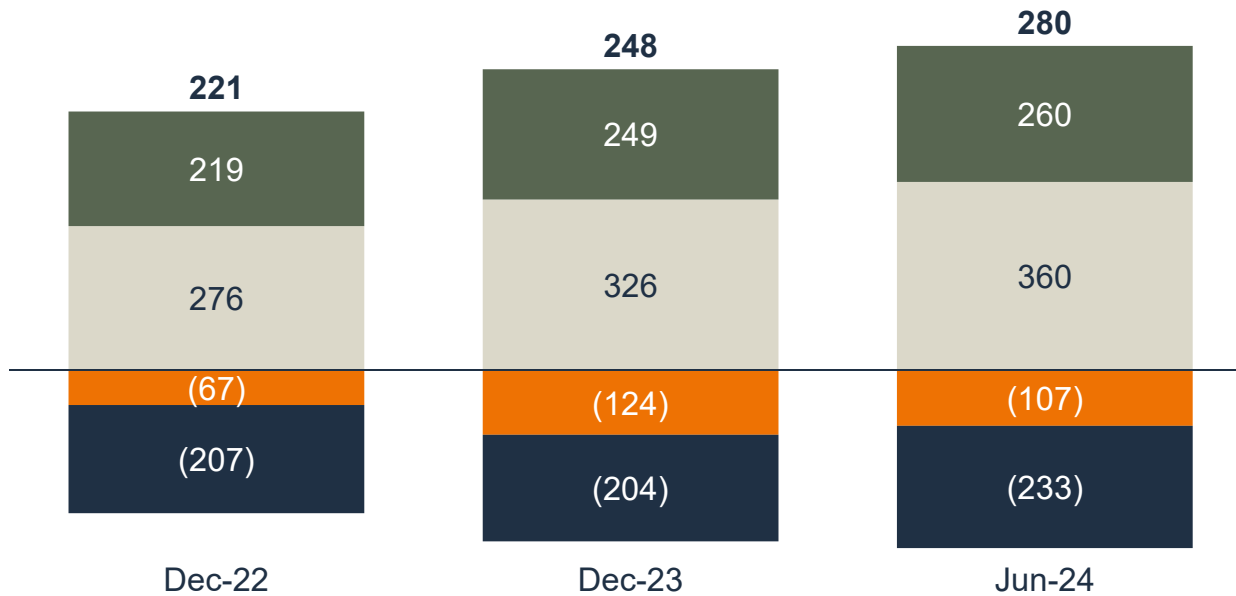


% of LTM revenue

26.0%

26.8%

27.3%



Commentary

- NWC as a percentage of sales increased by 0.4 pp.
 - Customer receivables increased moderately, despite higher output levels
 - The increase in inventories due to the temporary project-specific inventory build-up in the first six months of the 2024 financial year was mitigated by incoming payments from advance payments for projects (prepayments increased by €30m)
 - Reduction of NWC ratio targeted in the mid-term

Slightly negative cash flow in Q2 due to inventory build-up for upcoming sales



Key cash flow items, €m

	H1-23	H1-24	Q2-23	Q2-24
Adj. EBITDA ⁽¹⁾	78.2	84.6	51.5	49.1
Adjustments ⁽²⁾	(7.7)	(11.2)	(6.5)	(6.2)
Income taxes paid	(16.1) ¹	(9.8)	(9.9)	(4.9)
Change in net working capital ⁽³⁾	23.8	(31.1)	5.2	(34.8) ²
Capex ⁽⁴⁾	(9.8)	(12.9)	(5.8)	(5.0) ³
Other ⁽⁵⁾	(18.2)	6.5	(14.3)	(3.0)
Unlevered free cash flow	50.2	26.1	20.2	(1.2)
Interest received	0.0	1.0	(0.5)	(0.5)
Interest payments	(13.4)	(34.6) ⁵	1.5	(9.3) ⁴
Free cash flow	36.7	(7.5)	21.1	(7.6)
Acquisitions less cash ⁽⁶⁾	(34.3)	-	0.6	-
Change in cash & cash equivalents (post M&A)	2.4	(7.5)	21.7	(7.6)

Commentary

- ¹ Q1 2023 tax payments include an aperiodic real estate tax payment (€2.8m)
- ² Cash outflow for net working capital reflecting higher revenue level
- ³ Capex in Q2 2024 amounted to 1.8% of sales
- ⁴ Due to different payment dates between the previously existing bond and the new SSFA significant interest payments in Q2 2024
- ⁵ Including €7.5m prepayment penalties due to the refinancing of the long-term debt (corporate bond)

Guidance: Turning more positive on prospects for 2024 and mid-term after strong H1 growth

	2023A	2024 Guidance	Medium-term target
Revenue / growth	<p>€926m </p>	<p>Guidance raised!</p> <p>new: ~€1,100m old: €1,000-1,100m</p>	<p>Target raised!</p> <p>new: ~15% CAGR old: ~10% CAGR</p>
Adj. EBIT ⁽¹⁾ (adj. EBIT margin)	<p>€150m  (16.2%)</p>	<p>Guidance narrowed to the upper end!</p> <p>new: €175m-190m old: €160m-190m</p>	<p>Target raised!</p> <p>new: ~€300m old: ~€250m</p>

TRUSTED PARTNER

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Supervisory Board: Claus von Hermann (Chairperson)
Registration Court: District court of Augsburg, HRB 39189
VAT ID number: DE 363351811

Endnotes (1/3)

p.5

(1) Market CAGR of ~10% calculated as a blended rate by weighting 2022-27 CAGRs of total addressable market for defense (12.9% as per Renaissance market study) and civil (4.7% as per Roland Berger market study) with the defense / civil revenue split of around 70% / 30% in 2022A. Global defense addressable market defined as total military vehicle and naval addressable markets, incl. new build, upgrade and overhaul, as of 2022A, based on RENK product portfolio used in defense applications, excluding platforms of Chinese origin in-service outside of China and embargoed countries, i.e. Afghanistan, Belarus, Benin, China, Central African Republic, Cuba, DPRK, DRC, Eritrea, Iran, Iraq (not embargoed, but excluded), Libya, Myanmar, Russia, Somalia, South Sudan, Syria, Venezuela, Yemen, Zimbabwe (the "Embargo(ed) Countries"), as per Renaissance market study; global civil addressable market defined as total annual spend in commercial marine & industrial applications (incl. gearboxes, couplings, slide bearings and test systems) including new build and aftermarket comprising service, spare parts and software updates, based on 2022A (as per Roland Berger market study)

(2) Total order backlog comprised of fixed order backlog, frame order backlog and soft order backlog; Fixed order backlog represents with respect to binding customer contracts and purchase orders concluded and/or received the portion of the associated transaction price for which the amount of revenue has not yet been recognized in accordance with IFRS; Frame order backlog includes signed frame contracts or prolongation character of linked frame contracts with fixed annual volumes or volume estimates based on customer information or historical call offs over the entire contract duration, booked for the period of the frame contract term; Soft order backlog includes estimated volumes of sole source projects and successor business until 2027 based on public information and customer information, booked for the period Jan 24 to Dec 27

(3) Based on 2023A revenue split, defense and civil are defined by end market product application

(4) Refers to systems / subsystems, such as transmissions for tracked military vehicles, gearboxes for large naval surface combatants and slide e-bearings, that are critical for the mechanical operation of military vehicles & vessels. Based on being "positioned on 75% of NATO & Allied tracked vehicles" and "RENK provides mission-critical mechanical systems and subsystems at various stages in the lifecycle" (as per Renaissance market study based on 2022)

(5) Includes any product with RENK's presence on tracked military vehicles by number of installed base globally (2022A), excluding platforms of Russian and Chinese origin in-service outside of Russia and China and Embargo Countries (as per Renaissance market study)

(6) Based on 2023A revenues, reconciliation to reported figures: EMEA includes Germany, other EU Countries, other European Countries and Africa; Americas includes Americas; APAC includes Asia and Australia and Oceania

(7) Adj. EBIT is defined as operating profit before the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature. EBIT margin and adj. EBIT margin are defined as EBIT or adj. EBIT, as applicable, divided by revenue

(8) 2023A revenue split; New build refers to new product sales; aftermarket refers to depot MRO (maintenance, repair, overhaul) and upgrades of products and platforms, incl. spare parts and other aftermarket services; replacement of installed RENK products in defense applications is considered as aftermarket and in civil applications as new build

p.10

(1) 2019A EBIT displays EBIT unadjusted based on the as-if consolidated income statement information for the former RENK AG for the twelve-month period ended 31 December 2019; Adj. EBIT is defined as operating profit before the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature. EBIT margin and adj. EBIT margin are defined as EBIT or adj. EBIT, as applicable, divided by revenue. For a detailed breakdown of EBIT adjustments, please refer to the page "Adjustments to operating profit"

(2) Refers to 2020-2023 cumulative capex and R&D investments as well as acquisition costs related to General Kinetics (signed and closed in 2023) and L3 Magnet-Motor GmbH and the Combat Propulsion Systems from L3Harris. R&D investments refer to business-sponsored ("self-funded") research and development (R&D) costs expensed as incurred; does not include customer-sponsored R&D costs incurred pursuant to contractual arrangements; capex defined as payments to acquire property, plant and equipment and intangible assets

(3) Market CAGR of ~10% calculated as a blended rate by weighting 2022-27 CAGRs of total addressable market for defense (12.9% as per Renaissance market study) and civil (4.7% as per Roland Berger market study) with the defense / civil revenue split of around 70% / 30% in 2023A. Global defense addressable market defined as total armored vehicle and naval addressable markets, incl. new build, upgrade and overhaul, as of 2022A, based on RENK product portfolio used in defense applications, excluding platforms of Chinese origin in-service outside of China and Embargo Countries (as per Renaissance market study); global addressable civil market defined as total annual spend in commercial marine & industrial applications (incl. gearboxes, couplings, slide bearings and test systems) including new build and aftermarket comprising service, spare parts and software updates, based on 2022A (as per Roland Berger market study)

Endnotes (2/3)

p.31

(1) Book-to-bill ratio defined as order intake / revenue

(2) Fixed order backlog represents with respect to binding customer contracts and purchase orders concluded and/or received the portion of the associated transaction price for which the amount of revenue has not yet been recognized in accordance with IFRS

p.32

(1) Adj. EBIT is defined as operating profit before the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature. Adj. EBIT margin are defined as adj. EBIT divided by revenue.

(2) Net debt includes senior secured notes, and lease liabilities less cash and cash equivalents based on the carrying amounts in the IFRS financial statements

(3) LTM Adj. EBITDA is defined as operating profit before depreciation, amortization and impairment losses on intangible assets and property, plant and equipment, the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature. For a detailed breakdown of EBIT adjustments, please refer to the page "Adjustments to operating profit"

p.33

(1) Adj. EBIT is defined as operating profit before the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature. Adj. EBIT margin is defined as adj. EBIT divided by revenue. For a detailed breakdown of EBIT adjustments, please refer to the page "Adjustments to operating profit"

p.34

(1) Adj. EBIT is defined as operating profit before the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature. Adj. EBIT margin is defined as adj. EBIT divided by revenue. For a detailed breakdown of EBIT adjustments, please refer to the page "Adjustments to operating profit"

p.35

(1) Adj. EBIT is defined as operating profit before the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature. Adj. EBIT margin is defined as adj. EBIT divided by revenue. For a detailed breakdown of EBIT adjustments, please refer to the page "Adjustments to operating profit"

p.36

(1) Adj. gross profit defined as revenue minus cost of sales before the depreciation and amortization effect of purchase price allocations and adjusted for certain items which management considers to be exceptional or non-recurring in nature

(2) Adj. distribution expenses means distribution expenses and adjusted for certain items which management considers to be exceptional or non-recurring in nature

(3) Adj. general and administrative means general and administrative expenses and adjusted for certain items which management considers to be exceptional or non-recurring in nature

(4) Based on LTM revenue

Endnotes (3/3)

p.38

(1) Comprises contract assets and trade receivables excluding customer prepayment receivables

(2) Comprises contract liabilities excluding liabilities from customer prepayment receivables

(3) Calculation of 2021A net working capital as % of revenue based on 2021A revenue €698m plus revenue of €110m that would have been taken into account if the acquisition of RENK America and Magnet Motor had closed on 1st January 2021

p.39

(1) Adj. EBITDA is defined as operating profit before depreciation, amortization and impairment losses on intangible assets and property, plant and equipment, the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature

(2) For a detailed breakdown of EBIT adjustments, please refer to the page "Adjustments to operating profit"; includes additional impact on EBITDA from PPA depreciation and amortization as well as income / losses from PPA asset disposals in FY-22 and FY-23, respectively

(3) Includes change in inventories, receivables and contract assets, and changes in provisions and liabilities

(4) Capex defined as payments to acquire property, plant and equipment and intangible assets

(5) Includes write-downs / reversals on other and financial investments, gains / losses from asset disposals, non-cash expenses and income, proceeds from asset disposals, cash flows from cash deposits, effects of exchange rate change on cash and cash equivalents, effects of changes in basis of consolidation on cash and cash equivalents, and in FY-23 also cash and cash equivalents related to the acquisition of General Kinetic Cash (€210k)

(6) Includes acquisition of subsidiaries, acquisition of non-controlling interest and in FY-23 less cash and cash equivalents related to the acquisition of General Kinetic Cash (€210k)

(7) Includes repayment of shareholder loan (€50m)

p.40

(1) Net financial debt includes senior secured notes, and lease liabilities less cash and cash equivalents based on the carrying amounts in the IFRS financial statements

(2) Adj. EBITDA is defined as operating profit before depreciation, amortization and impairment losses on intangible assets and property, plant and equipment, the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature.

p.41

(1) Adj. EBIT is defined as operating profit before the PPA depreciation and amortization as well as income / losses from PPA asset disposals and adjusted for certain items which management considers to be exceptional or non-recurring in nature. Adj. EBIT margin is defined as adj. EBIT divided by revenue.