

MUNICH

Capital Markets Day 2024

September 10, 2024

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Agenda

08:00		Arrival
.....		
08:30	Strategy	Susanne Wiegand CEO, RENK Group AG
.....		
09:15	Financials	Christian Schulz CFO, RENK Group AG
		Anja Mänz-Siebje Designated CFO, RENK Group AG
.....		
10:00		Break
.....		
10:30	Operations	Dr. Alexander Sagel COO, RENK Group AG
	Production/ Supply chain	Dr. Emmerich Schiller MD Production and Supply Chain, RENK GmbH

11:15	Q&A Session	Executive board
.....		
12:00		Lunch break
.....		
12:45	Guest speech	LTG Ben Hodges Former 3-star commanding General US Army Europe
.....		
13:30	Presentation KNDS	Florian Hohenwarter COO KNDS Deutschland
.....		
14:00		Product demonstration
.....		
16:30		End of CMD

Content

Strategy **Susanne Wiegand** Page 6
Chief Executive Officer, RENK Group AG

Financials **Christian Schulz** Page 25
Chief Financial Officer, RENK Group AG

Anja Mänz-Siebje
Designated Chief Financial Officer, RENK Group AG

Operations **Dr. Alexander Sagel** Page 41
Chief Operating Officer, RENK Group AG

**Production/
Supply chain** **Dr. Emmerich Schiller** Page 60
MD Production and Supply Chain, RENK GmbH



Susanne Wiegand

Chief Executive Officer
RENK Group AG



Empowering security



Becoming the global #1 in all mission-critical drive technologies for defense and energy transition

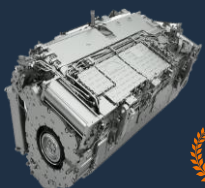


Enabling a sustainable future





In light of recent events, RENK recognizes its obligation as the #1 provider of mission-critical drive systems



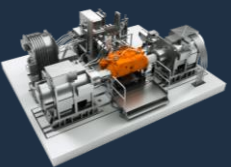
Vehicle Transmissions



Vehicle Suspensions



Final drives



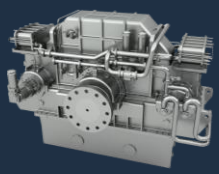
Test Systems



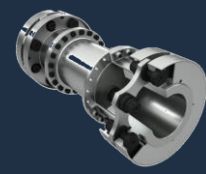
Engines



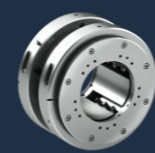
Clutches



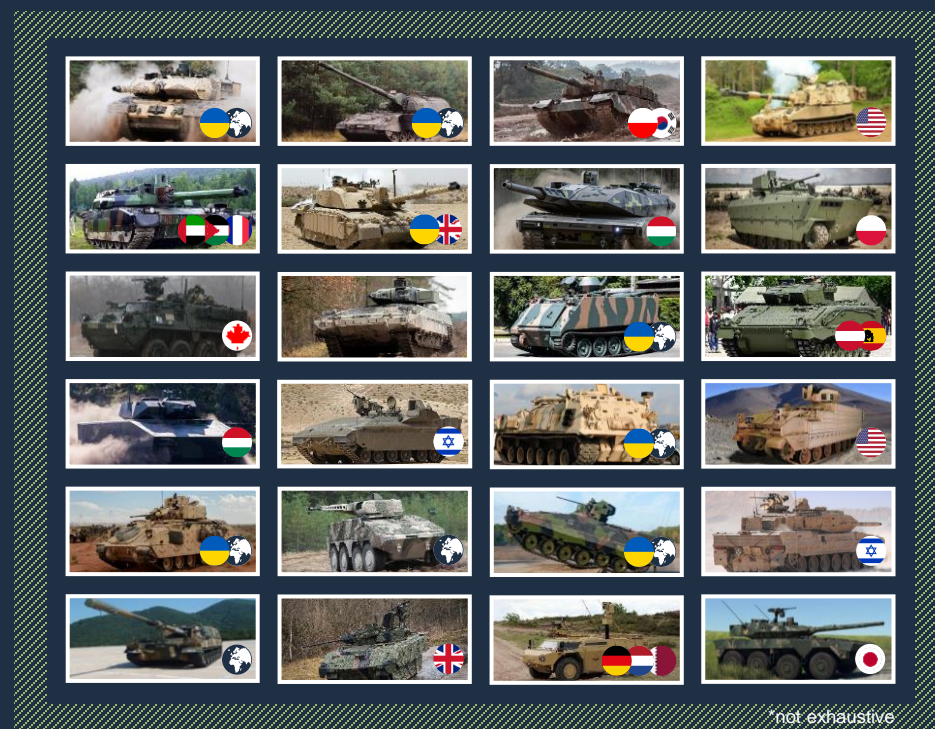
Naval Gearboxes



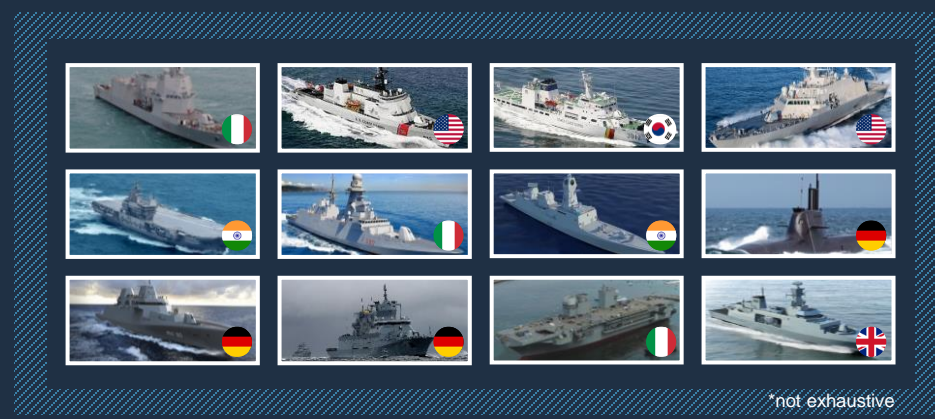
Couplings



Bearings



*not exhaustive



*not exhaustive

-  Country flag represents user nations
-  Broad range of user nations
-  Currently in use in Ukraine

KNDS

HYUNDAI
Rotem



Patria

BAE SYSTEMS

IVECO

N·V·L
NVL GROUP



GENERAL DYNAMICS



THALES



FFG



babcock™



FINCANTIERI

DAMEN

LOCKHEED MARTIN

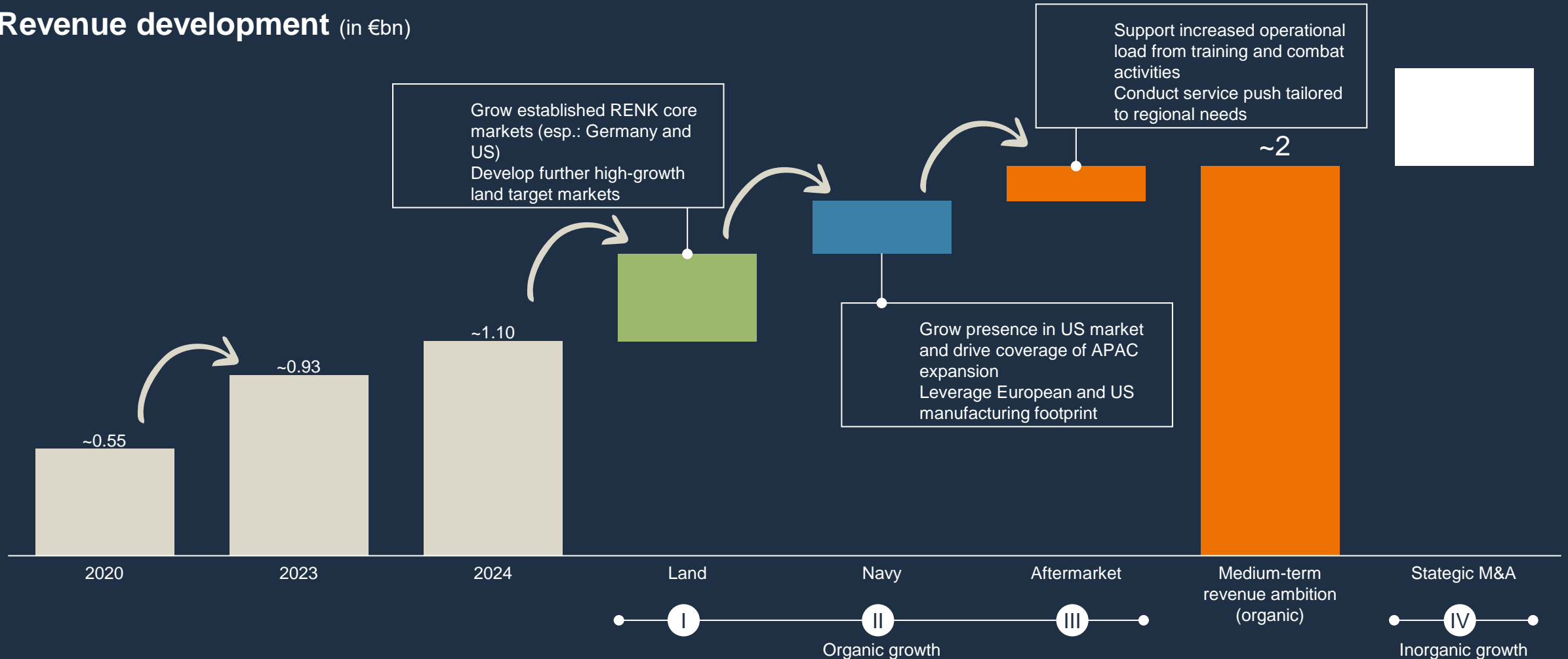
... while continuing to build up foundational layers to drive shareholder value

 High-growth markets	Focused on high growth addressable defense markets globally	~ 13%	Addressable market CAGR 2022-27 ¹
 Global leadership	Innovation and technology-led global leadership positions in high-demand applications	#1	Leader ¹ for mission-critical transmissions
 Locked-in business model	Platform-agnostic and sole-source incumbency positions across a diversified customer base	> 180k	Units installed base worldwide
 High visibility	Significant total order backlog securing future growth	~ € 4.7bn	Total order backlog ² as of Jun-24
 Well-invested platform	Ready to deliver multi-decade growth leveraging >€400m Capex investment from 2010-23	~ 3%	Capex share of revenue medium-term
 Strong financial profile	Highly profitable and cash generative with high resilience and attractive long-term outlook	€ 175 - 190m	2024 expected adj. EBIT ³

1. Relating to focus Defense activities / 2. Total order backlog comprised of Fixed Order Backlog, Frame Order Backlog, and Soft Order Backlog / 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 nonrecurring in nature

RENK has potential to nearly double its revenue to reach €2bn organically in medium-term with further growth through strategic M&A

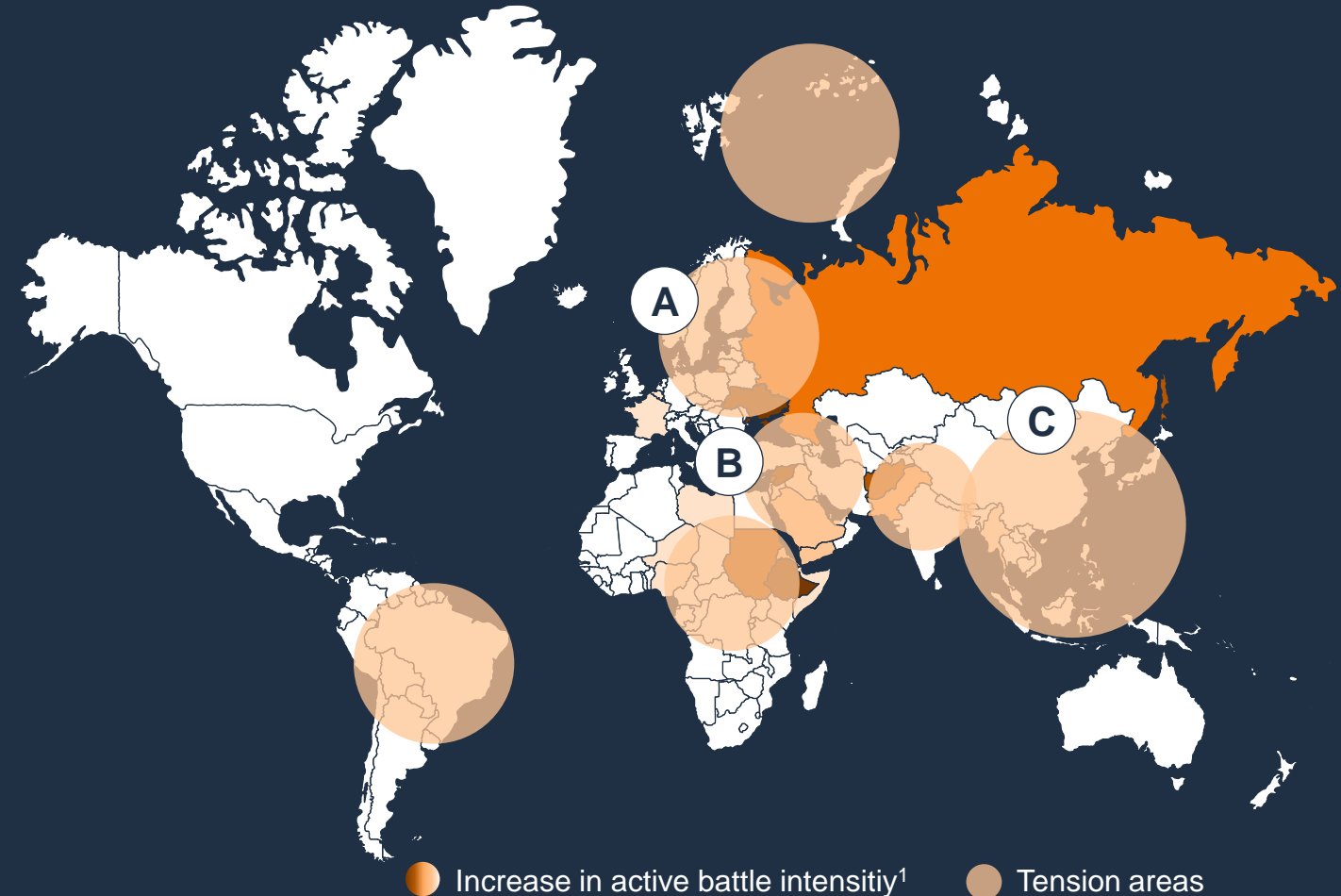
Revenue development (in €bn)



Geopolitical tensions are driving the need for higher defense spending

The past years witnessed a growing threat environment

- A** **Invasion of Ukraine** after a period of cautious relations between NATO and Russia
- B** Attacks on **Israel** and the **Houthi Red Sea crisis** with first direct escalation between Israel and Iran
- C** Rising **tensions in Indo-pacific region**



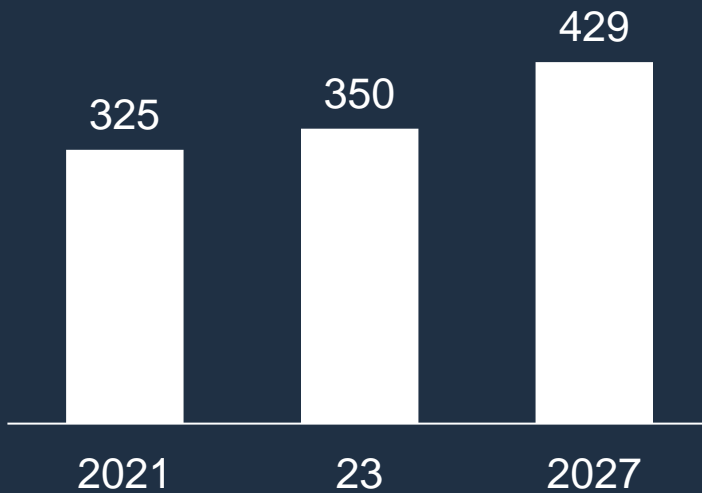
Source: Uppsala Conflict Data Program (Davies, Shawn, Garoun Engström, Therese Pettersson & Magnus Öberg (2024). Organized violence 1989-2023, and the prevalence of organized crime groups.)

1. Increase of conflict deaths 2014-23 vs 1994-2003 indexed to maximum increase of 263 thousand deaths in Syria

As a result, defense budgets grow significantly across geographies with a cumulated increase of >€500bn

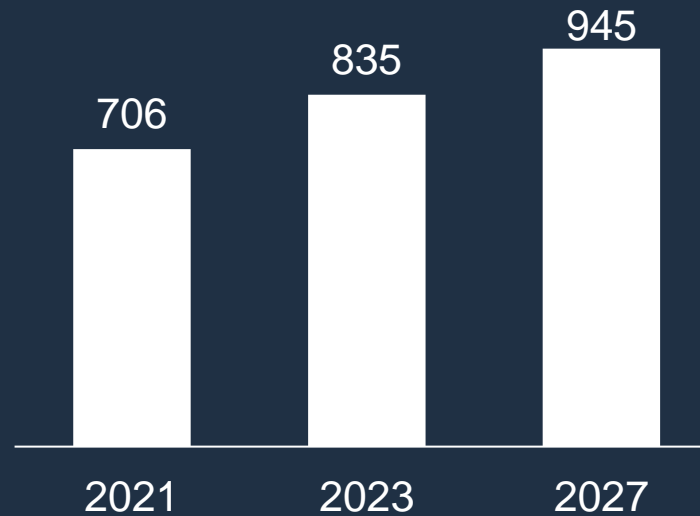
Europe¹, in €bn

+ €104bn
growth from 2021-27



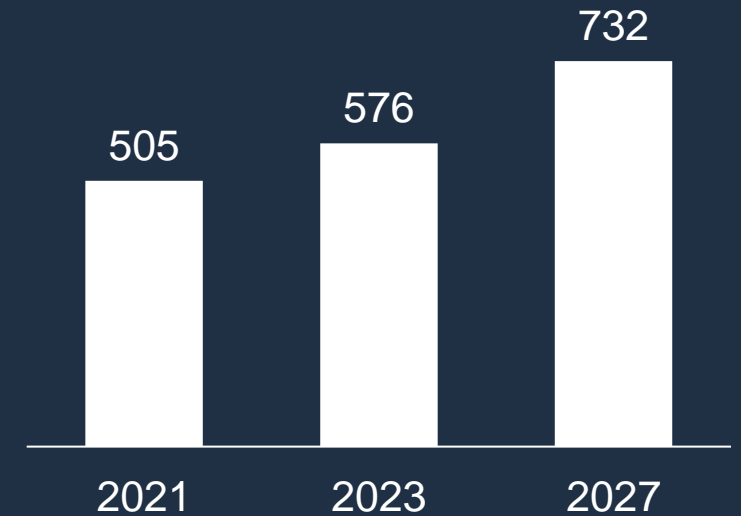
US and Canada, in €bn

+ €239bn
growth from 2021-27



Accessible RoW², in €bn

+ €227bn
growth from 2021-27

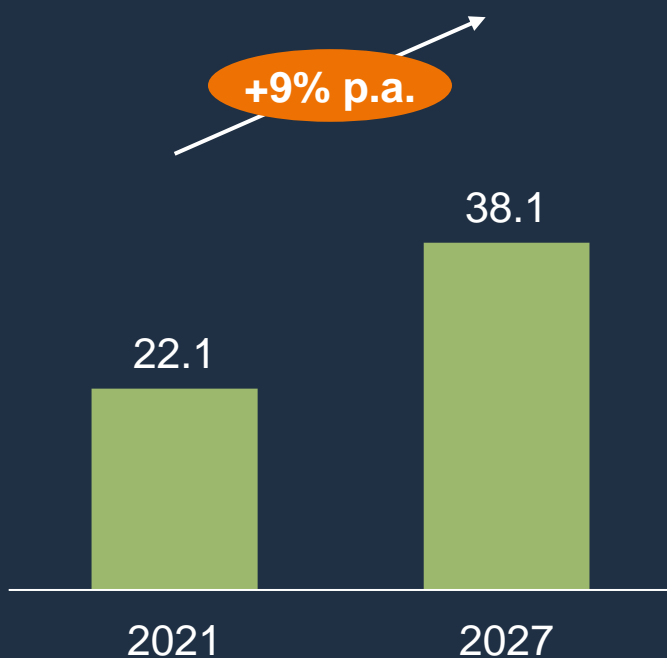


1. Excluding embargoed nations Russia, Belarus; 2. Excluding Afghanistan, Iran, Libya, Syria, Yemen, China, Myanmar, Venezuela, CAR, DRC, Zimbabwe
Source: RS Advisors proprietary database, SIPRI, US DoD publications, IM WEO database (Oct-22), RS Advisors analysis

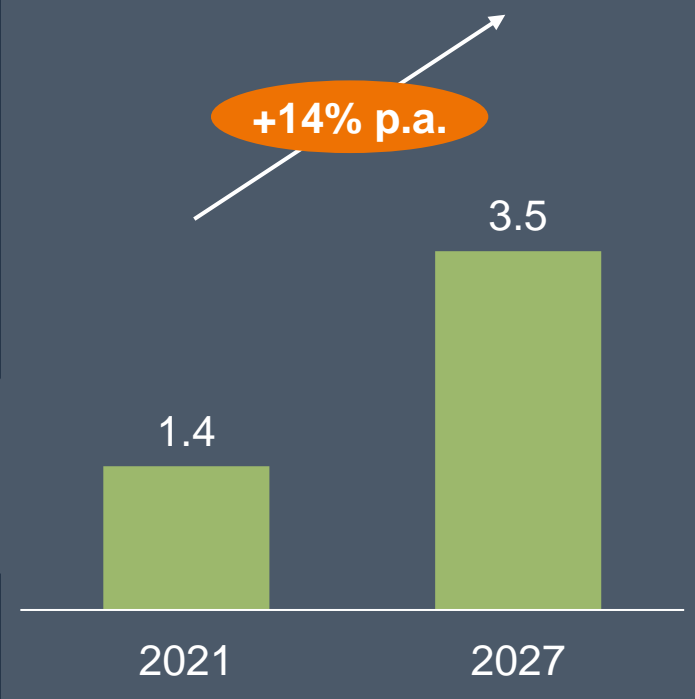
Land defense will continue to regain importance across all key regions ...

Land market size, 2021-27 in €bn

Total land defense market¹



Addressable market²



Key takeaways

- **Ukraine invasion** driving **aging fleet replacement** in Europe and **backfilling** of donated vehicles in North America
- RENK's short-term **addressable market outpacing overall market** growth by ~5 pp annually
- RENK today already has **a high share of its** market
- RENK equipment used in **70+ armies** globally

1. Excluding embargoed nations (Afghanistan, Belarus, China, CAR, DRC, Iran, Libya, Myanmar, Russia, Syria, Venezuela, Yemen, Zimbabwe);

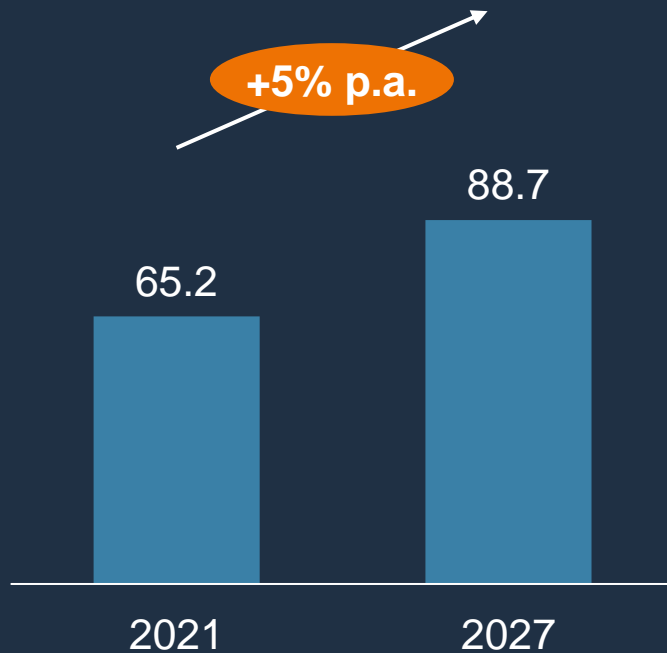
2. Excluding programs awarded to competitors and programs outside RENK's core competencies

Source: RS Advisors proprietary database, RS Advisors analysis

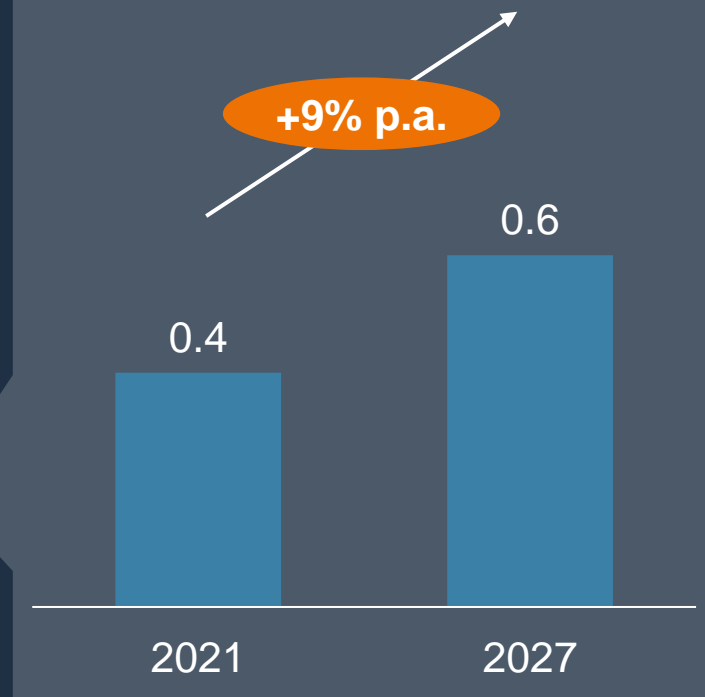
... with Naval applications especially in the APAC region experiencing strong growth as well

Naval market size, 2021-27 in €bn

Total land defense market¹



Addressable market²



Key takeaways

- **Renewed importance of maritime domain** driving both large surface and subsurface combatants
- RENK's short-term **addressable market outpacing overall market** growth by ~4 pp annually
- RENK today already **captures a large share of its current addressable** market
- RENK equipment used in **40+ navies** globally

1. Excluding embargoed nations (Afghanistan, Belarus, China, CAR, DRC, Iran, Libya, Myanmar, Russia, Syria, Venezuela, Yemen, Zimbabwe);

2. Excluding programs awarded to competitors and programs outside RENK's core competencies

Source: RS Advisors proprietary database, RS Advisors analysis

The market growth in NATO Europe is not temporary – it is structural and for the long-term

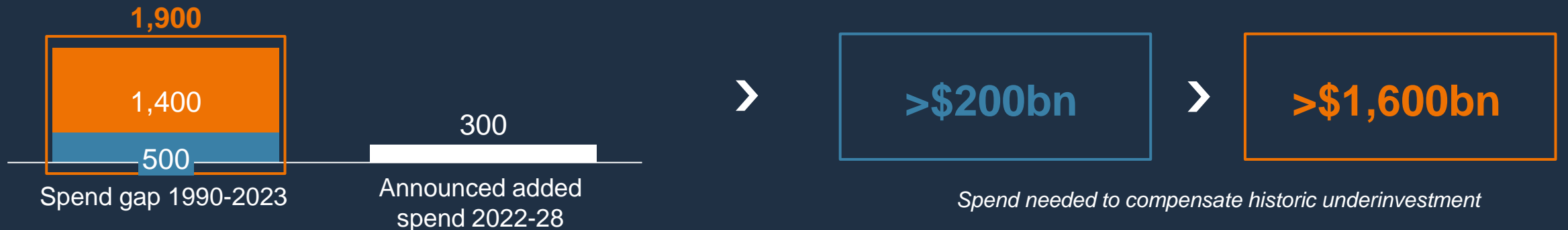
Spending gap since cold war

● Gap to 2% ● Gap to Cold war equivalent (3.7%)

Total defense budget for NATO Europe, \$bn



Thereof equipment spend, \$bn



Source: German Bundestag Information Request for selected large equipment counts

Low spend has impacted equipment availability of the German armed forces long-term

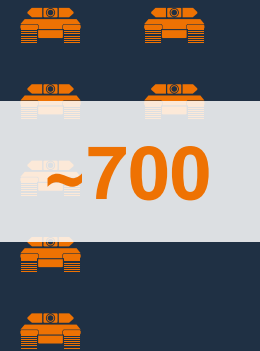
Equipment 1989/90

Army¹,
(1 icon ≙
100 tracked
vehicles)



Equipment today³

↓ 85%
Tracked
vehicles



Navy²,
(1 icon ≙
5 vessels)



↓ 65%
vessels



1. Relevant types of IFV, MBT, and Howitzers reduced from 4,948 in 1989/90 to 687 in 2016/17; 2. Relevant types of Destroyers, Frigates, Corvettes, Minesweepers, and Submarines reduced from 36 in 1989/90 to 17 in 2016/17; 3. Numbers reflect last request regarding information counts in German Bundestag from 2017
Source: German Bundestag Information Request for selected large equipment counts; German Navy information



































































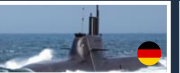











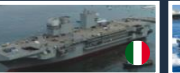





































We have a strong foundation in core European and North American markets, which we leverage to drive growth in target markets globally




European Powerhouses

US & Canada

Growth Target Markets



 Leopard 2 	 PzH2000 	 Boxer 	 Fennek 	 M88 	 M270 MLRS 	 PIM 	 K9 	 KTO Rosomak 	 K2 	 Borsuk 	 Namer 	
 Puma 	 Leclerc 	 Marder 	 Ajax 	 AMPV 	 Bradley 	 M113 	 Merkava 	 Lynx 	 Hawkei 	 Type 16 	 Pizarro/Ulan 	
 M77 	 Challenger 2 			 FMTV 	 LAV 6.0 	 Stryker 	 Panther 	 Arjun 				
 F126-class Frigate 	 F125-class Frigate 	 Type 212A Submarine 	 F123-class Frigate 	 Offshore Patrol Cutter 	 Freedom-class Littoral Combat Ship 	 Legend-class Nat. Security Cutter 	 Thao di Revel OPV 	 Trieste landing Helicopter Dock 	 Bergamini-class Frigate 	 Vulcano logistics Support Ship 	 Samarth-class OPV 	
 Flottendienstboot 	 F124-class Frigate 	 Tide-class Replenishment Ship 	 Inspiration-class Type 31 Frigate 				 Nilgiri-class Frigate 	 Deepak Fleet Solid Support Ship 	 Vishwast OPV 	 Vikrant Aircraft Carrier 	 Tae Pyung Yang OPV 	
							 Incheon-class Frigate 	 Holland OPV 	 Ver Huitfeldt-class Frigate 	 HDP-2200 OPV 	 Tamandare-class Frigate 	
							 MEKO Frigates 					

 Naval vessels  Land platforms  Production site

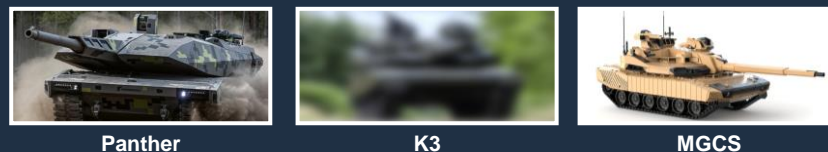
RENK is well positioned in the current MBT platform generation and set for the next while working on closing gaps

RENK is serving most large MBT platforms

Core supplier to most current models



Well positioned for next generation



Legacy platforms up for re-powering



Not exhaustive

Repowering opportunities in legacy platforms

M1 Abrams

- Localized production in US footprint
 - Potential for both transmission and suspension upgrades

Active units

>5,000

Challenger 2

- Existing suspension integration
 - Ongoing discussions for Challenger 3 powerpack

Active units

>300

Ariete

- Cooperation with Italian partner
 - 80 active units subject to midlife repowering

Active units

>115

Recent increase of equipment usage is driving up maintenance requirements compared to previous 20 years

Significantly increased use in operations and exercises ...



... increasing service need

- **Increased pace of exercises** by NATO and individual countries
- **More time in active operations** with high wear and tear
- Ongoing discussions to **increase reserve inventories** across customers
- **RENK with sufficient operational capacity to serve** increased demand

We have an unrivalled and further growing installed base as a strong basis for our aftermarket business

Installed base in 2022 vs. future



We are looking into M&A options centered on defense with an approach tailored to respective regional peculiarities

North America

Status-quo

Largest & mature market with small to large players

M&A approach

Active approach as focus region



Europe

Already consolidated on land side

Opportunistic



APAC

Established national champions and emerging markets

Focus on opportunities for localization and capability building



We have developed from a small noncore subsidiary of VW Group to a strong, global defense company

From



Small part of Volkswagen Group under MAN ownership with no growth ambition

Relatively unknown member of German “Mittelstand” without a clear profile

“Mittelstand” typical management and leadership team

Loosely connected **set of legal entities**, with **inconsistent organizational structure**

Departments being **strongly focused on own silos**

To

RENK

➤ **Strong, independent**, public company and part of S-DAX with ambition to grow

➤ **Recognized and leading German defense company** aiming for the M-DAX

➤ Recognized and **industry-experienced management** with (M-)DAX track record

➤ **One globally integrated firm**, with **capital markets ready** central backbone

➤ A culture of **entrepreneurship and shared accountability**

Nevertheless, there is significant untouched potential for the next years to further improve our performance and realize our growth ambitions



Finance

- Enhance **value creation focus** in our **financial steering mode**
- Implement structural measures for **NWC optimization**



Operations

- Bring **RENK America to the next level** and turn it into a unique US stronghold
- Tackle opportunities in future areas like **electrification and digital business** model
- Improve RENK's **internal IT systems**



Production and Supply Chain

- Further **increase output and efficiency at VMS Augsburg** to accelerate growth
- **Roll out RENK's Production System** to all RENK manufacturing sites
- Further **strengthen RENK global footprint** across markets



Christian Schulz

Chief Financial Officer
RENK Group AG

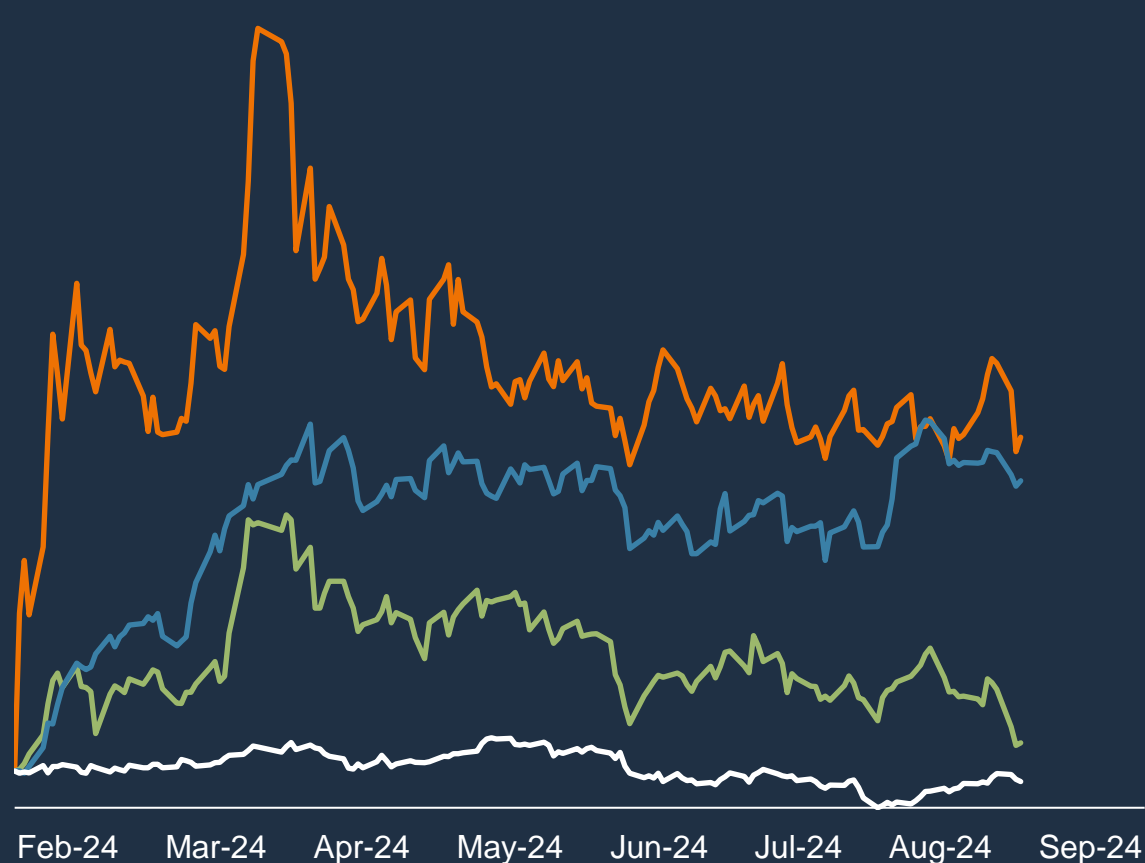
Anja Mänz-Siebje

Designated
Chief Financial Officer
RENK Group AG



RENK's stock has outperformed the market and our key peers since the listing

Stock performance, % change since RENK listing



+65%
RENK

+57%
Peer R

+6%
Peer H

(2)%
MDAX

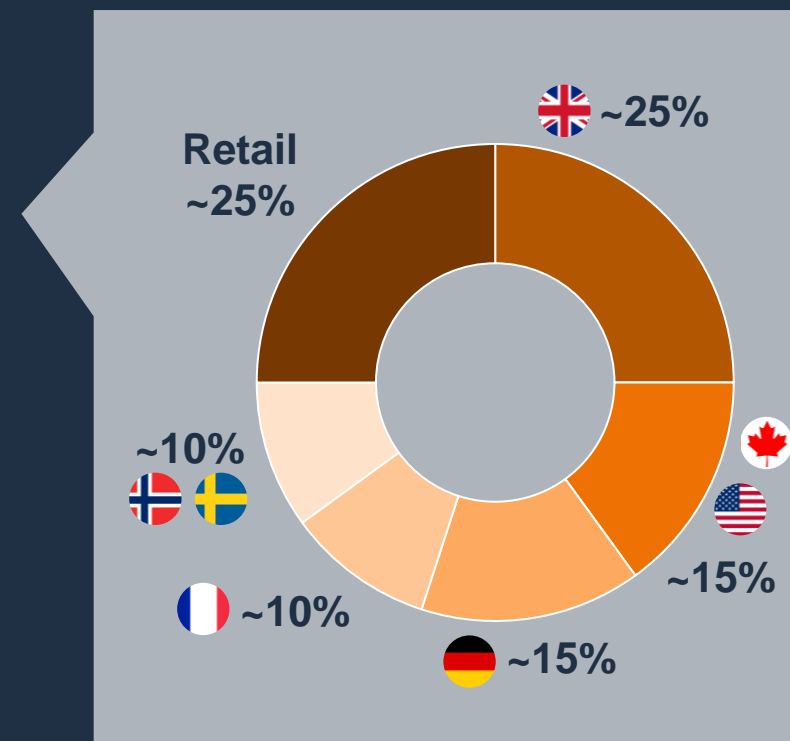
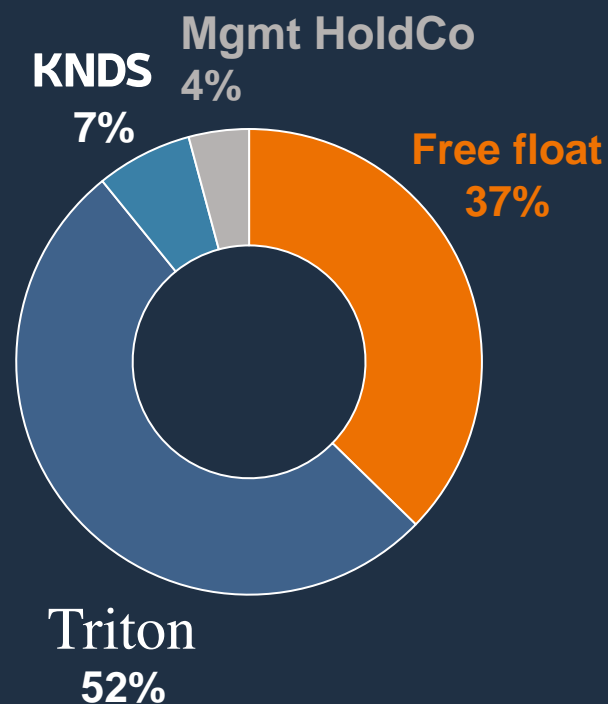
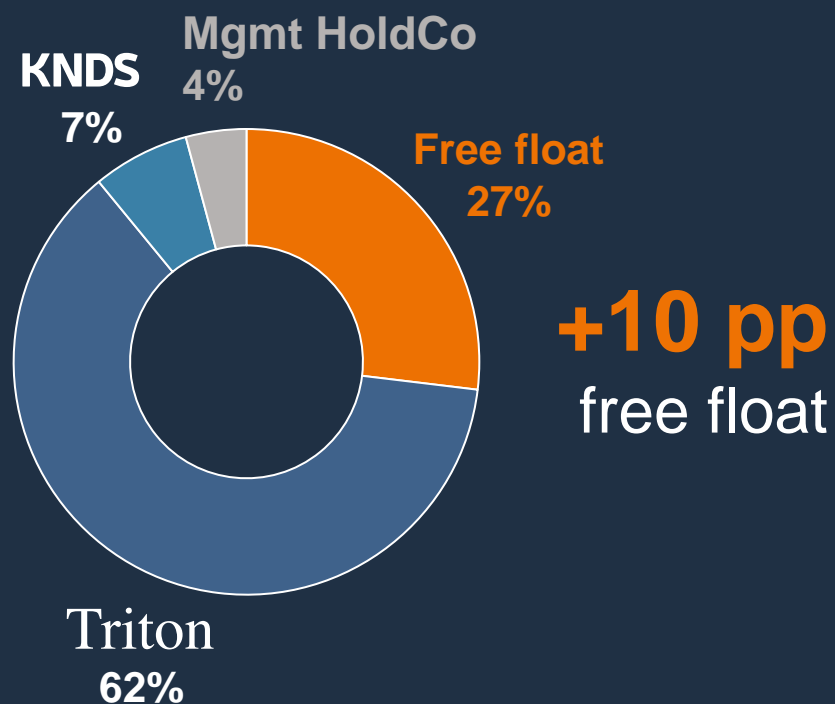
Key facts

- **Strong and diverse shareholder base** with KNDS as strategic investor
- Entered **SDAX shortly after** listing
- **Delivered** on promised **2023 financial guidance**
- **Maintained momentum** with strong financial **performance in H1-24**
- **Strengthened balance sheet** through strong cash generation

We have a strong and diversified investor base with increasing free float and balanced geographical coverage

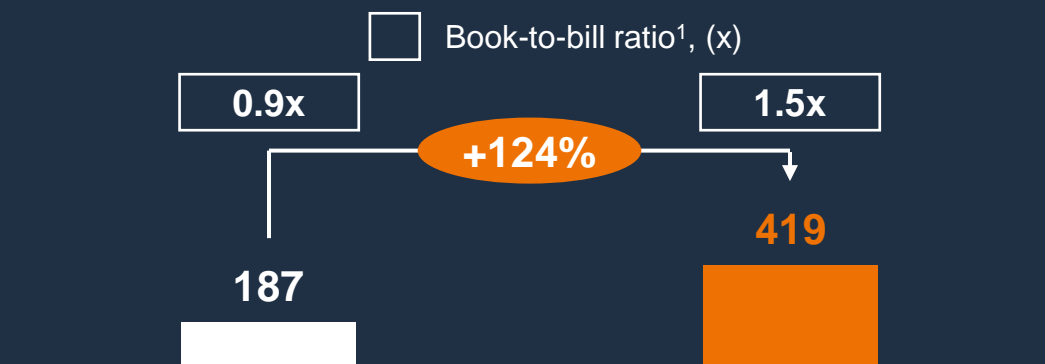
Shareholder structure at listing

Shareholder structure today



Record breaking Q2-24 results with substantial year-on-year growth ...

Order intake, in €m



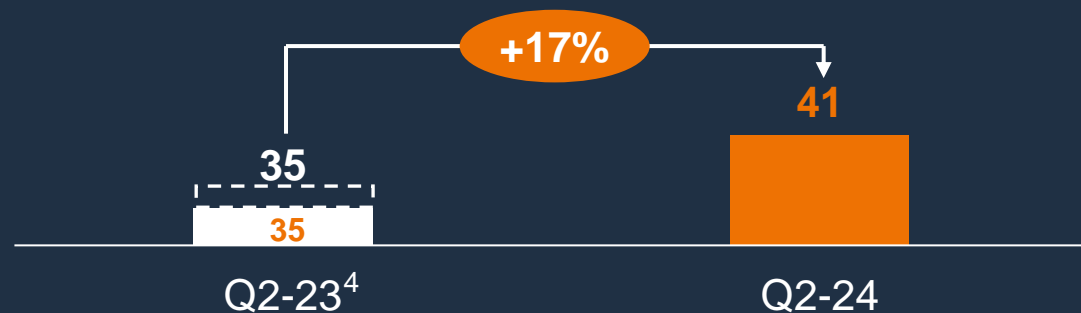
Revenue, in €m



Total order backlog², in €bn



Adj. EBIT³, in €m



1. Book-to-bill ratio defined as order intake/revenue; 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 2028 based on public information and customer information, booked for the period Jul-24 to Jun-28; 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 nonrecurring in nature; 4. Adj. EBIT in Q2-2023 without €9m one-time earnings impact of the release of a warranty provision

... provided support to narrow 2024 guidance towards upper end

2023

Initial guidance

Narrowed guidance

Revenue

€926m 

€1,000 – 1,100m

~€1,100m

Adj.
EBIT¹

16.2%
(€150m) 

~€160 – 190m

~€175 – 190m

 FY-23 guidance achieved

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 nonrecurring in nature. Adj. EBIT margin is defined as adj. EBIT divided by revenue

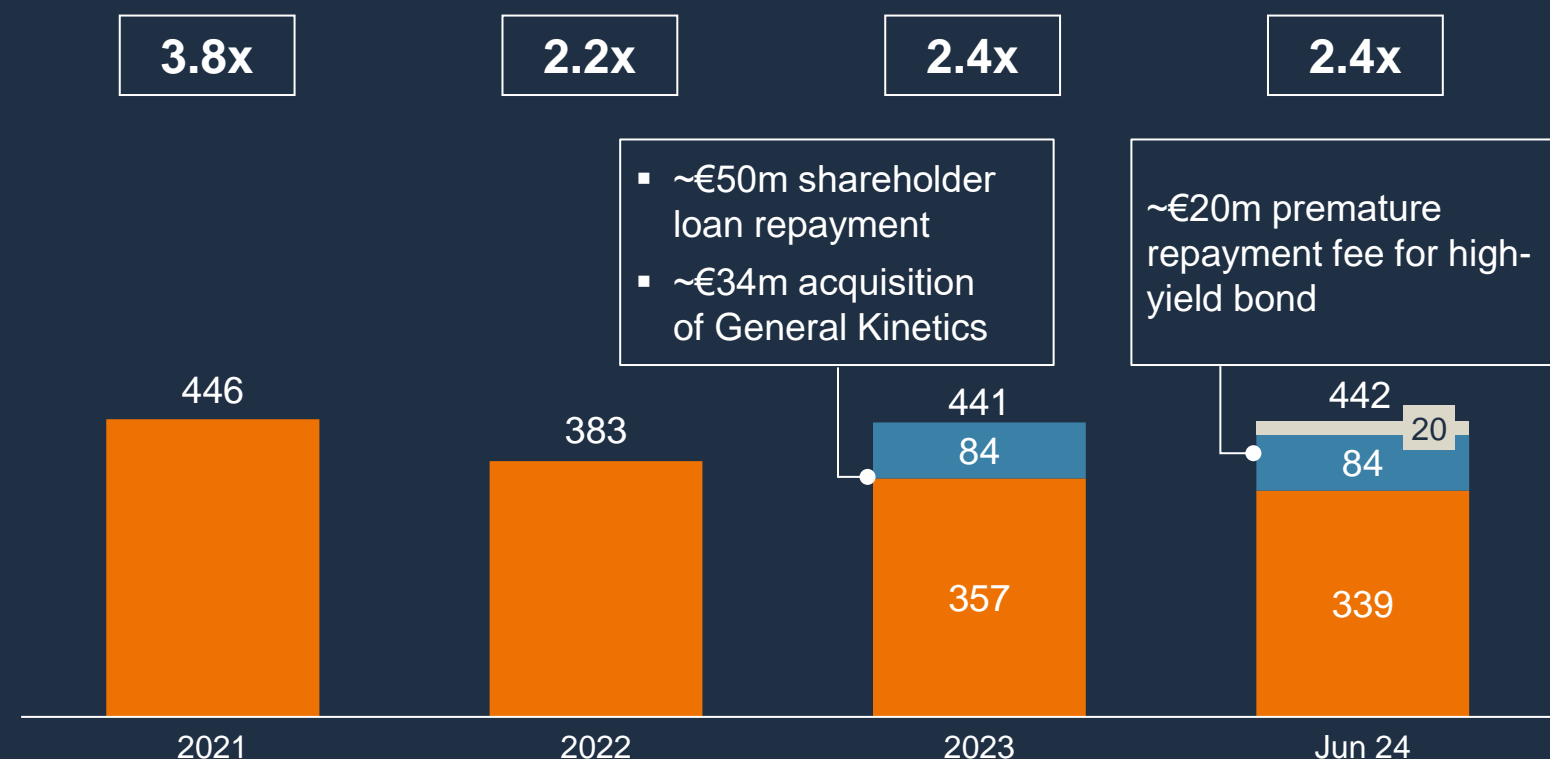
Our cash generation strengthened our balance sheet and allowed us to maintain our leverage despite significant onetime payouts

Net debt¹ development, in €m

□ Net leverage²

■ Extraordinary payment

Ratings



S&P Global

BB positive outlook upgraded twice from B to B+ (November 14, 2023) and from B+ to BB (July 25, 2024)



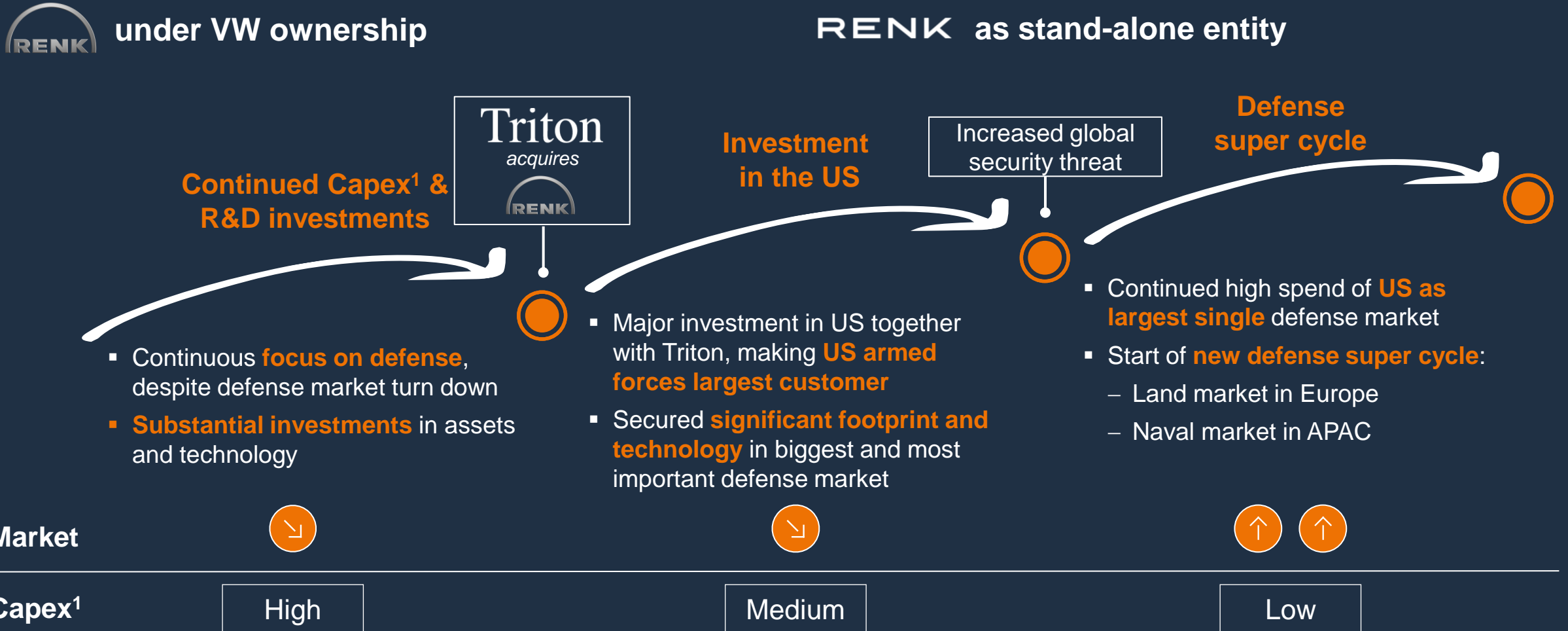
MOODY'S

Ba3 positive outlook upgraded from Ba1 to Ba3 (February 23, 2024)

1. Net debt is defined as the sum of bank debt (previous year: senior secured notes) and lease liabilities less cash and cash equivalents based on the carrying amounts in the IFRS financial statements; 2. Net Debt/LTM adj. EBITDA

Source: S&P Global, company website

Through past investments in a downturn market, we are now in a prime position to capture the current defense super cycle ...



1. Capex defined as payments to acquire property, plant and equipment, and intangible assets

... as our portfolio, capabilities, assets, and people are ready for growth with about €380m of M&A and more than €400m of Capex investments

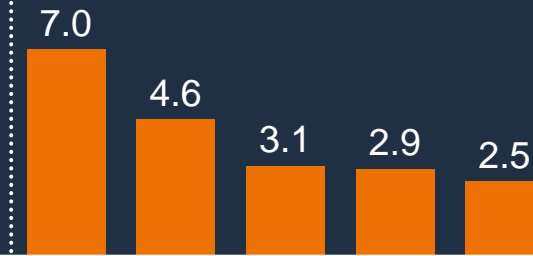
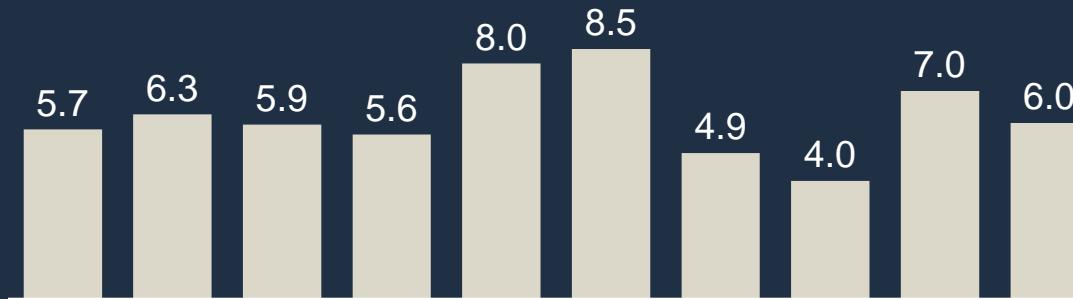
RENK under VW ownership

M&A activities
selected acquisitions



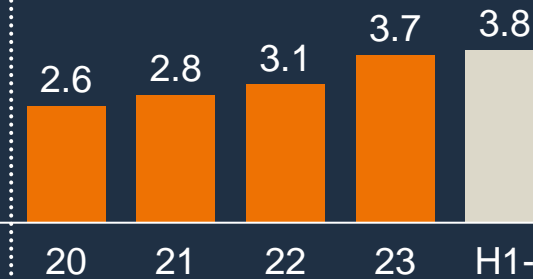
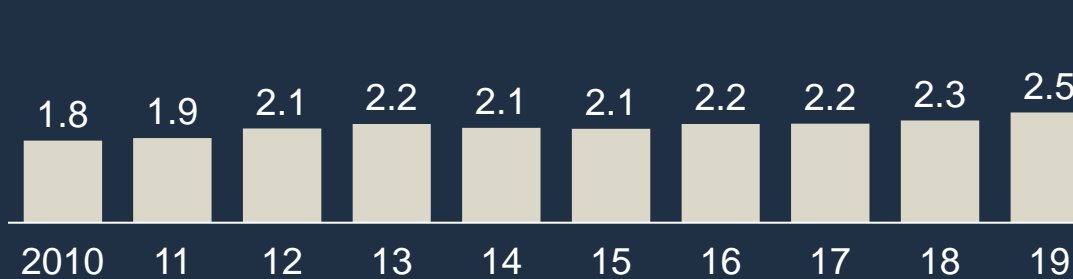
~€380m
M&A investment

Capex² % of revenue
excluding M&A



>€400m
Capex investment

Total headcount,
in k³



>100%
Headcount increase

1. Purchase of Magnet Motor and L3 Harris Propulsion in 2021; 2. Capex defined as payments to acquire property, plant and equipment, and intangible assets; 3. 2010-19 includes direct and indirect core headcount (consolidated RENK Group), 2020 to H1-24 includes core headcount, temporary headcount, interns, etc. (consolidated RENK Group including unconsolidated entities)

We will enhance our focus on value creation through refinement of our financial steering model



Shift to **absolute**
adj. EBIT

Focus on value-accretive
growth across all
segments



ROCE as new
performance
indicator

Focus on capital efficiency
to make best use of
resources

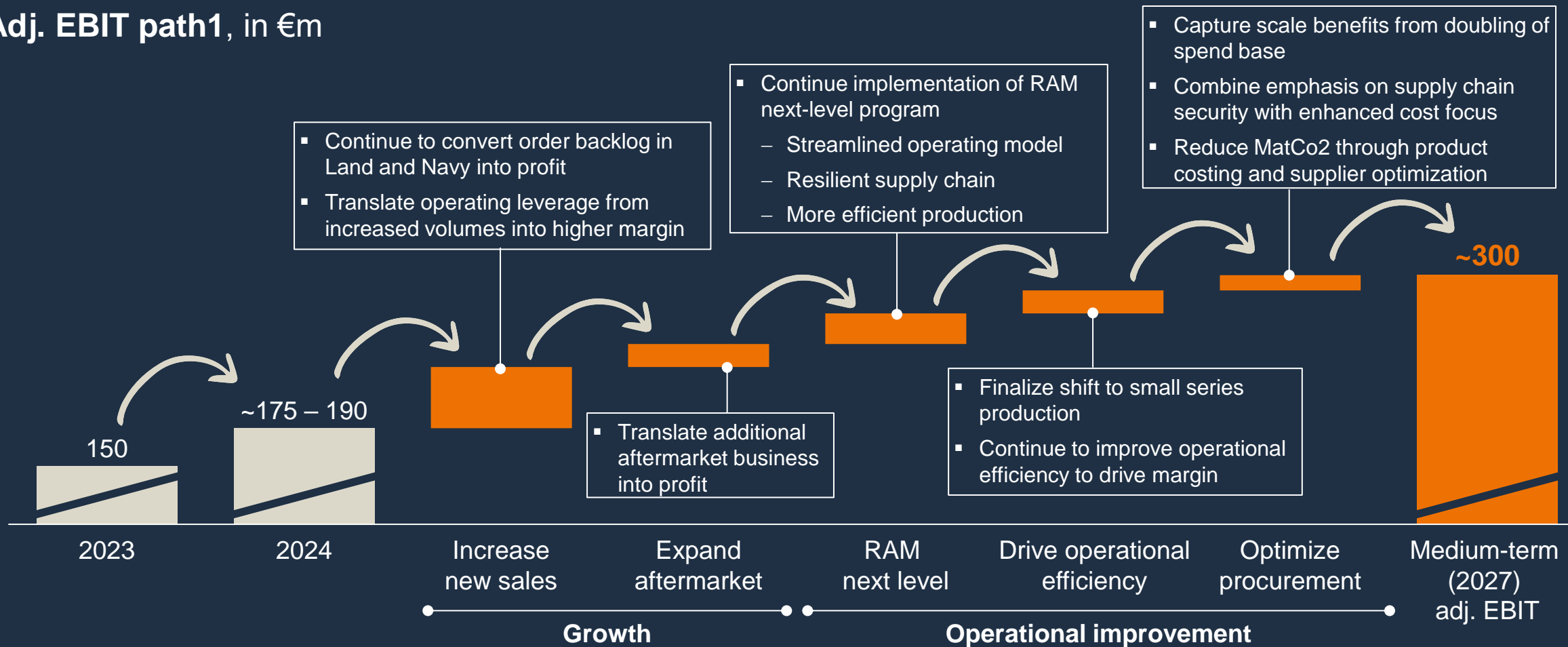


New **Cash**
Conversion Rate
definition

Focus on cash generation

We will drive further EBIT and margin expansion through continuous growth, operating leverage, and operational improvements

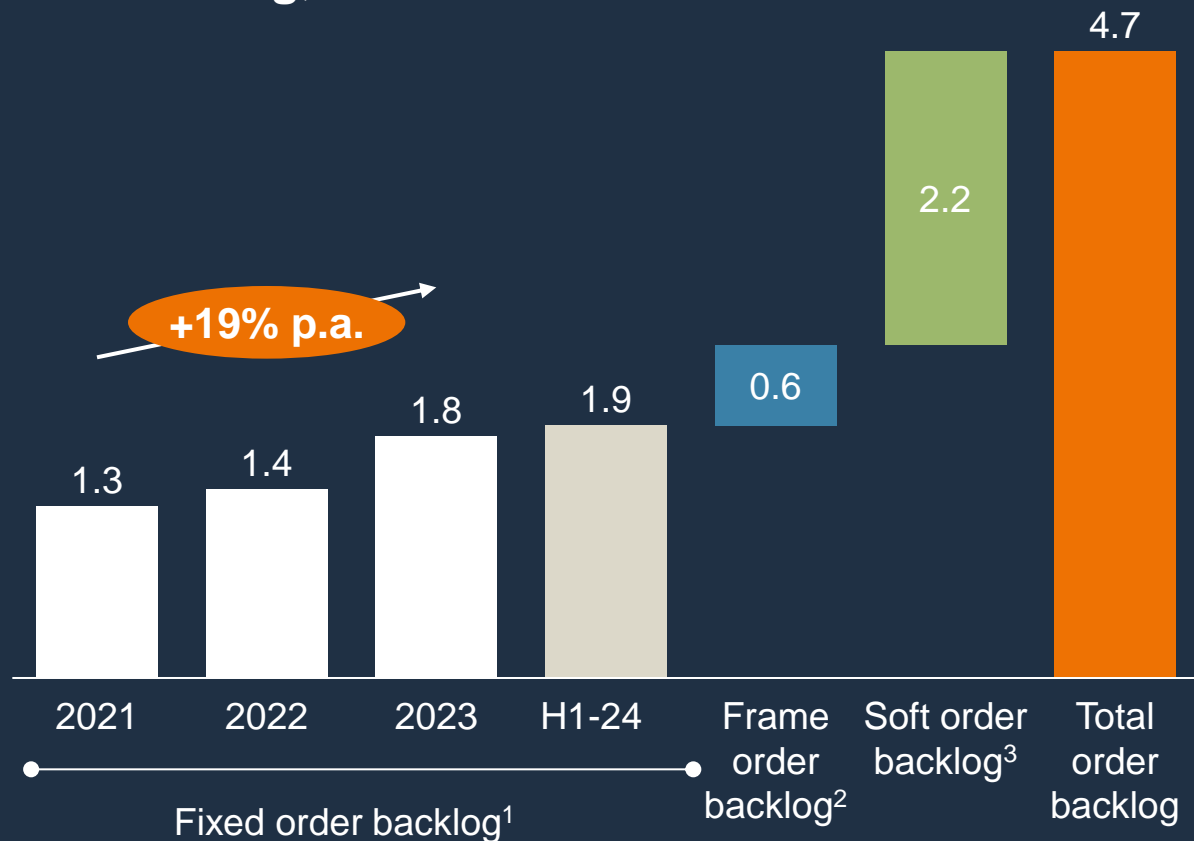
Adj. EBIT path¹, in €m



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 nonrecurring in nature; 2. Material costs

Our constantly increasing order backlog will serve as the basis for our growth in new sales and expanding aftermarket

Order backlog, in €bn



Selected key orders

Not exhaustive

Fixed Frame Soft

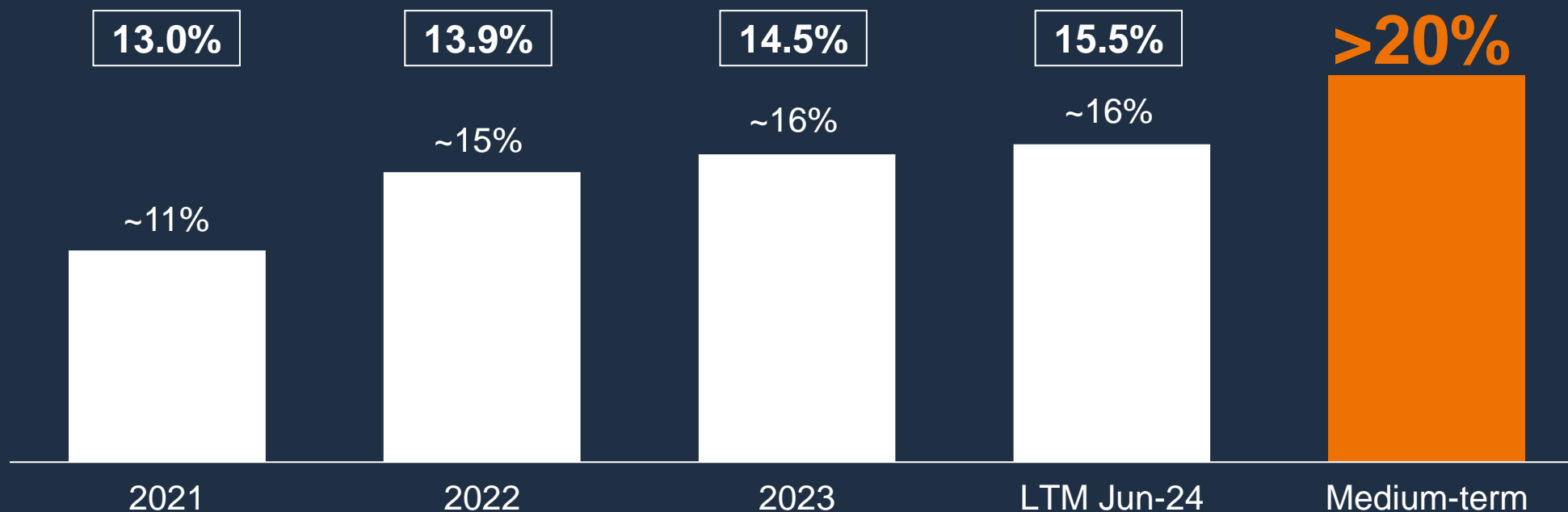
 	THOR III and IV Bradley, PIM, AMPV	~€600m	Fixed Frame
 	Transmission K2 MBT	~€300m	Fixed Soft
 	Engine M60 Taiwan MBT	~€200m	Fixed
 	Transmission and Suspension Puma	~€200m	Fixed Soft
 	Naval gearbox F126	~€40m	Fixed Soft

1. 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, 2. Frame order backlog includes signed 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, 3. Soft order backlog includes estimated volumes of sole source projects and successor business until 2028 based on public information and customer information, booked for the period Jul-24 to Jun-28

We have integrated a ROCE-based value creation focus into our financial steering model to optimize the use of available capital

ROCE¹, in %

∅ A&D peers²



Adj. EBIT³

€91m €144m €150m €156m

Capital Employed⁴

€827m €951m €942m €948m

1. ROCE is defined as adj. EBIT in relation to the average capital employed for the fiscal year; 2. Average in 2021 – LTM 2024 from Leonardo, Rheinmetall, SAAB; 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 nonrecurring in nature; 4. Capital employed comprises average property, plant and equipment, intangible assets and net working capital of the fiscal year

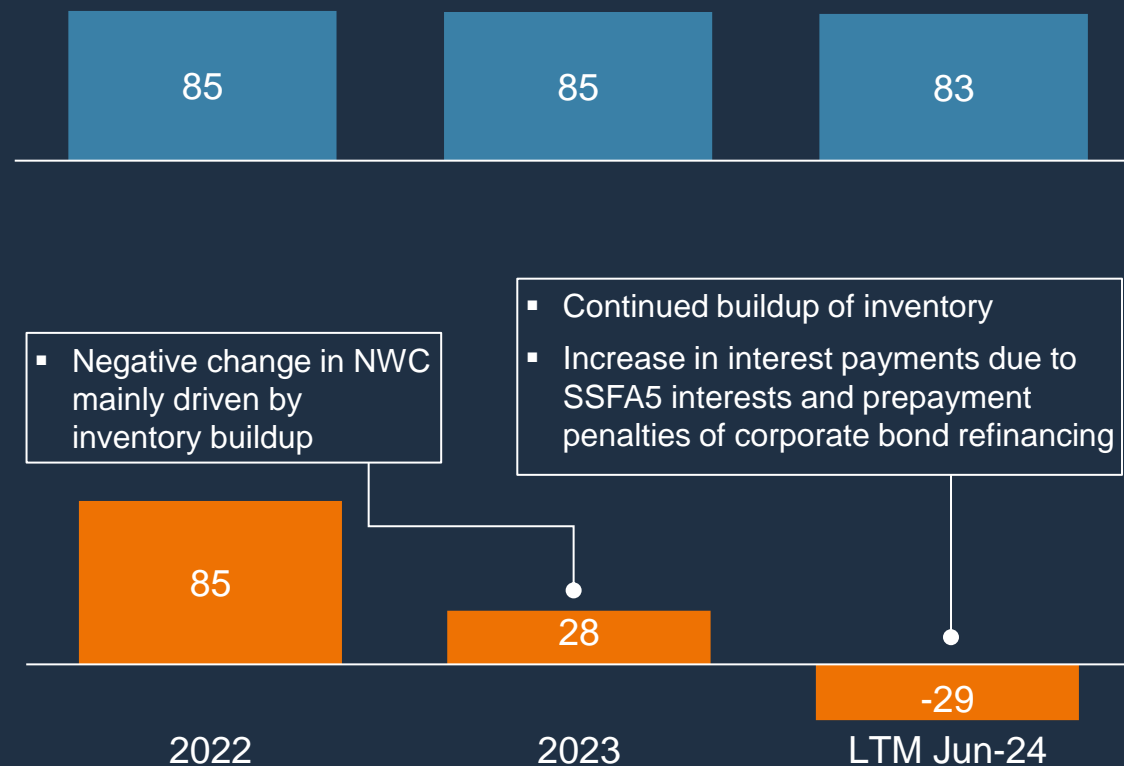
We will also update our cash conversion definition to more accurately reflect our ability to generate cash in relation to our capital structure

Cash conversion definition

$$\text{Current definition} = \frac{\text{Adj. EBITDA}^1 - \text{Capex}^2}{\text{Adj. EBITDA}^1}$$

$$\text{Updated definition} = \frac{\text{Free cash flow}^3}{\text{Adj. net income}^4}$$

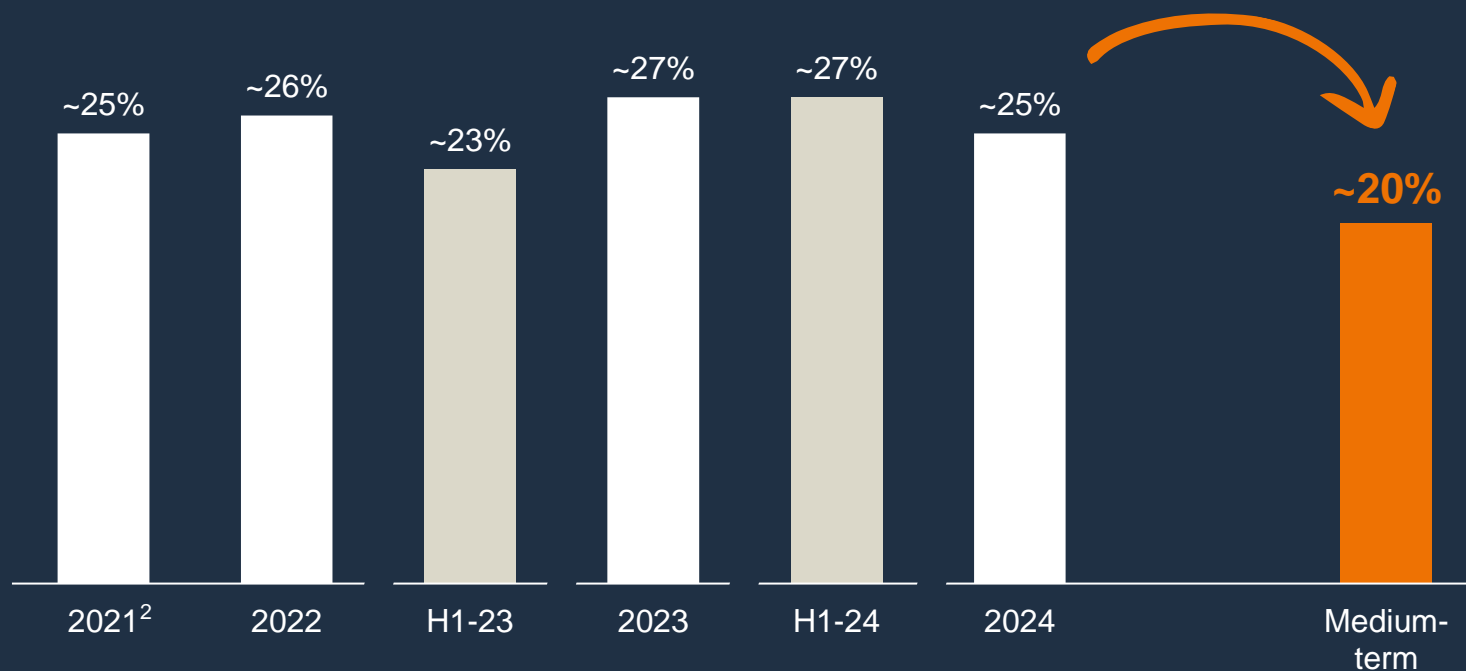
Cash conversion, in %



1. Adj. EBITDA is defined as operating profit before depreciation, amortization, and impairment losses on intangible assets and property, plant and equipment, and adjusted for certain items which management considers to be exceptional or nonrecurring in nature; 2. Capex defined as payments to acquire property, plant and equipment, and intangible assets; 3. Free cash flow is calculated by adding depreciation and amortization, interest paid, income taxes and capital expenditures to EBIT. Free cash flow is reduced by any increase in net working capital and increased by any decrease in net working capital. Other reconciliation items includes changes in provision, other receivables and liabilities, insofar as these are not attributable to the net working capital, as well as other cash and non-cash effects with minor individual relevance; 4. Adj. net income defined as profit after tax before the PPA depreciation and amortization as well as income/losses from PPA asset disposals and loan interest, and adjusted for certain items which management considers to be exceptional or nonrecurring in nature; 5. Super Senior Facilities Agreement

To improve cash conversion, we will enhance capital efficiency through reduced inventory and target-oriented cash management

NWC¹ development, as % of revenue



Key levers



NWC stable despite significant **top-line growth**



Initiation of **structured program** for **legal entity-based NWC management**



Focus on target-oriented cash management with bottom-up forecast and monthly tracking



Start of initiative to **optimize procurement and purchasing spend**

1. Includes change in inventories, trade receivables, and contract assets, and changes in trade payables and contract liabilities; 2. Calculation of 2021 NWC as share of revenue based on 2021 revenue of €698m plus revenue of €110m that would have been taken into account if the acquisition of RENK America and Magnet Motor had closed on January 1, 2021

Based on our allocation framework, we will make the best use of our available capital along 4 future areas



**Investment
in core
Technology &
Operations**

**ROCE-optimized
investments**



**Dividend
payout
~40 – 50%¹**

**Shareholder
return**



**Strategic
focus
Defense
& US**

**Value-accretive
M&A**

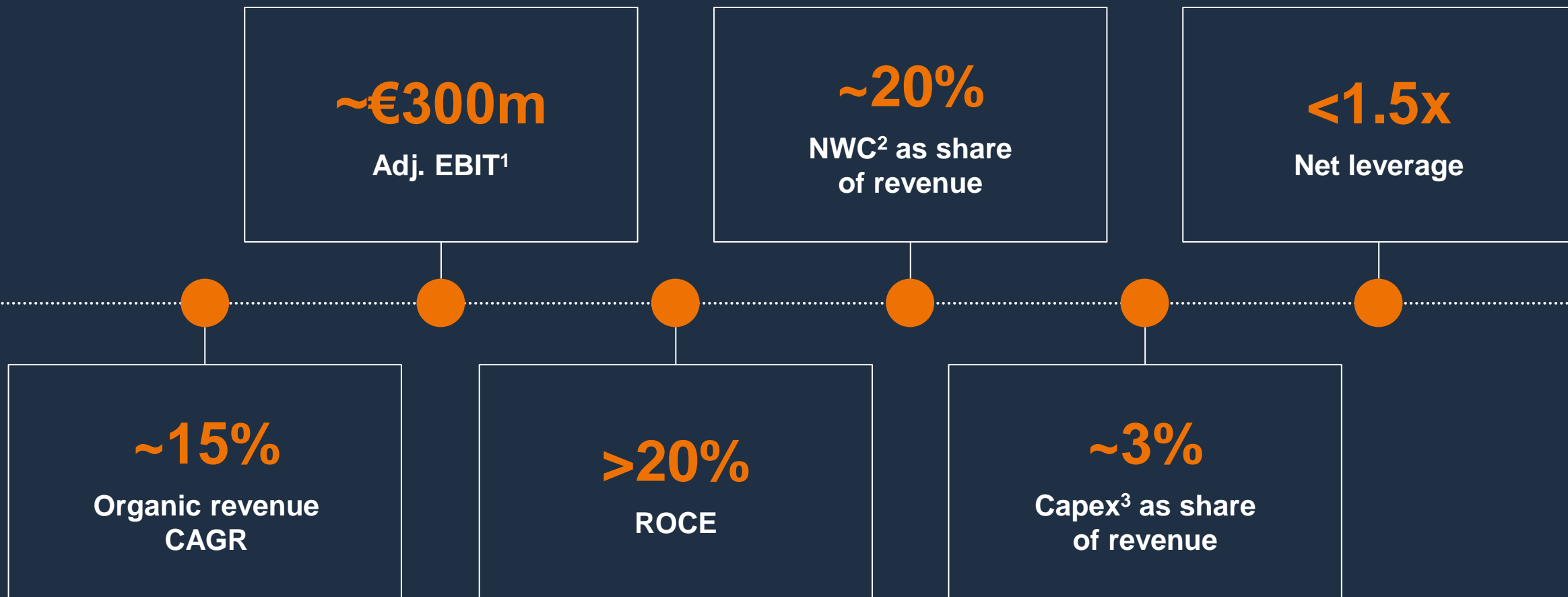


**De-leveraging
<1.5x over time²**

**Balance sheet
strength**

1. Based on adj. net income; 2. Net leverage defined as net debt/adj. EBITDA

Medium-term highlight figures to keep in mind and to track our performance against



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 nonrecurring in nature. Adj. EBIT margin is defined as adj. EBIT divided by revenue; 2. Includes inventories, receivables, contract assets, trade payables, and contract liabilities; 3. Capex defined as payments to acquire property, plant and equipment, and intangible assets



Dr. Alexander Sagel

Chief Operating Officer
RENK Group AG

Just to recap: 3 main megatrends driving future business development of RENK

Empowering Security



Digitalization



Enabling a sustainable future



RENK 2.0 setting the pace for the next years by doing our homework to capture the market potential

€>2,000m

**Revenue
ambition**

I Leverage **market potential of defense super cycle** (land/navy)

Strive **towards world-class operational excellence** through RENK Production System including IT

~20%

**Adj. EBIT
margin ambition**

Convert top-line growth

Drive **high-margin segments** (e.g., aftersales)

Disciplined cost management with profitability criteria

II Restore **RAM profitability**

#1

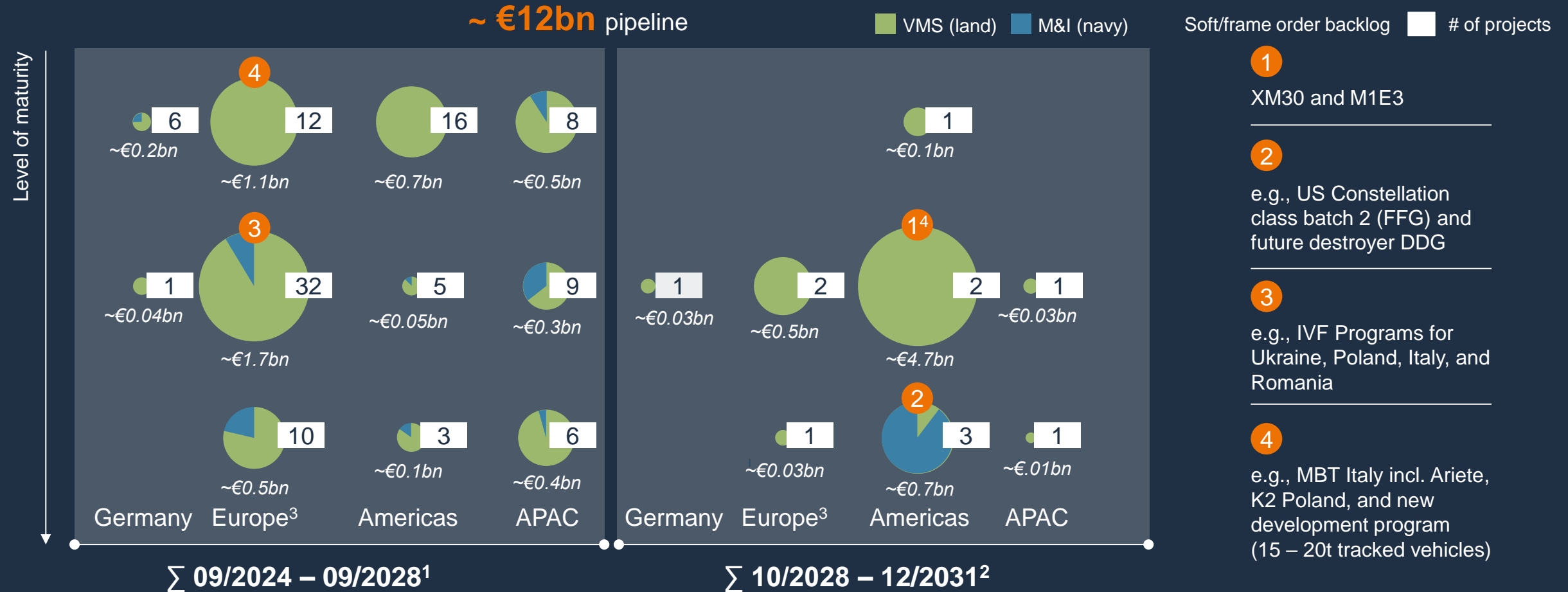
**In Market and
Technology**

III Focus **R&D on 4 key technology** fields

Drive **M&A for growth, product portfolio, and technology**

RENK is positioned to capture multiple large, strategic programs in the near to long-term

Overview of key pipeline programs (new build) w/o fixed OB, only defense (as of August 26, 2024)



We implemented a structured program to increase operational performance and efficiency level of RAM in 3 main areas



Supply chain

Not exhaustive

- ✓ Deployed comprehensive **parts availability strategies** and enabled dramatic production scale-up
- ✓ Active parts management and tracking in **win rooms**



Increased **output ability**

Operating model

- ✓ Clear operational responsibility and P&L accountability through **dedicated business units**
- ✓ Shared company goals via new **North Star vision** with ambitious growth targets



Enhanced **transparency**

Material cost

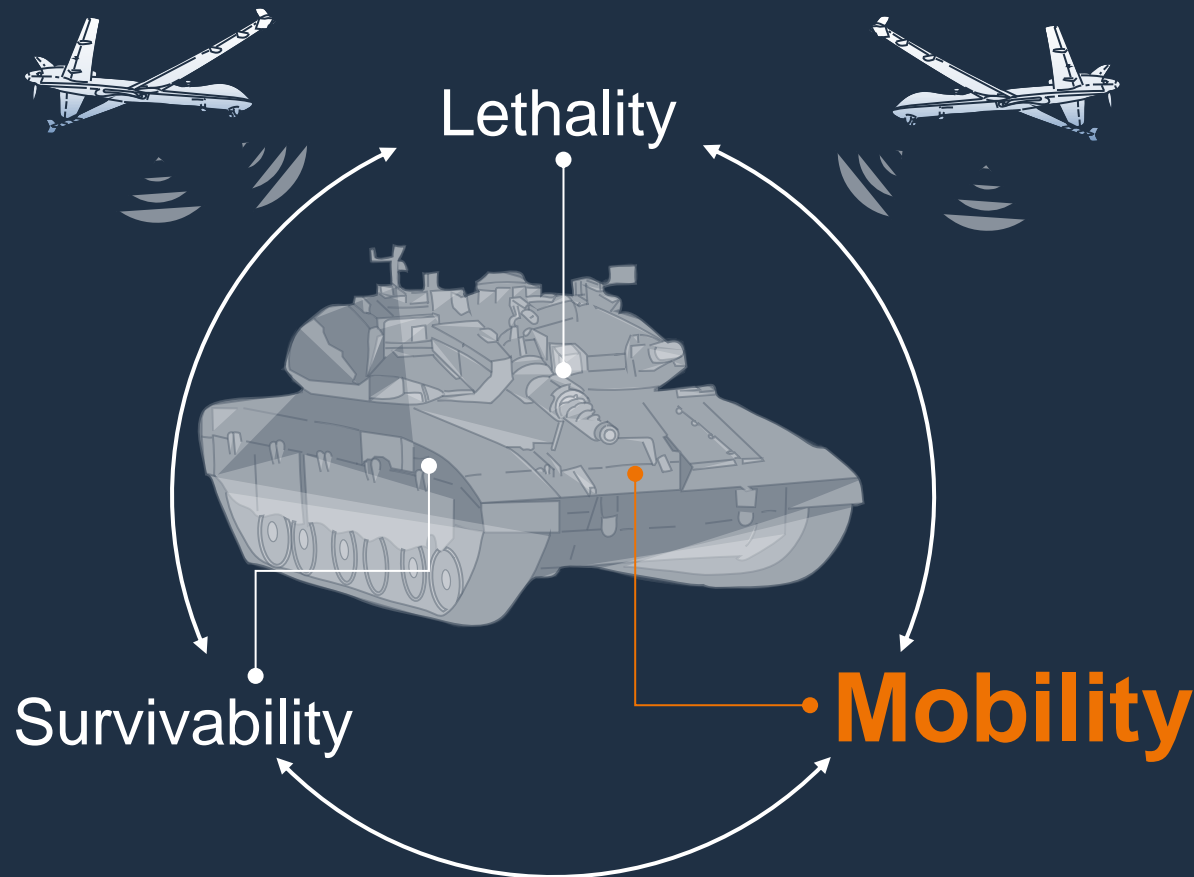
- ✓ Created and **syndicated cost models** to set aspirational targets
- ✓ **Integrated global and local team collaboration** for cost excellence and supplier strategies



Reduced **material costs**

Our technology is centered around improving the mobility of military forces, which will have an even higher importance in the future

Reliable and proven drivetrain technology critical for combat power



Increasing **availability of information** makes battlefield of the future transparent (“Gläsernes Gefechtsfeld”)



If the enemy knows where you are at all times, you **need to be constantly on the move**



Importance of **mobility to combat power will grow** significantly in the future

Our transmissions are highly complex, high-tech systems and ruggedized for the most demanding battlefield use

Precision and quality is key ...

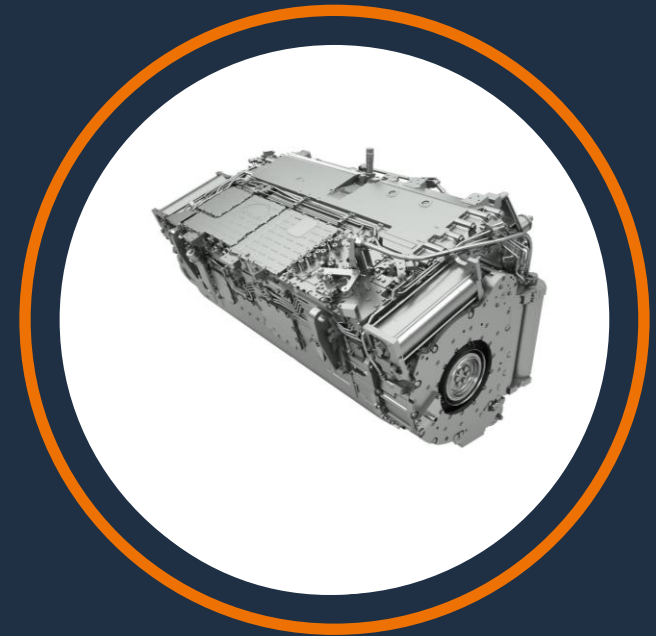
... which is where RENK excels



~70%

Use of space – Luxury watches

VS.



>95%

Use of space – Achieved through decades of engineering excellence

Our cutting-edge, hard-to-replicate, and complex technologies are unmatched in the market

RENK

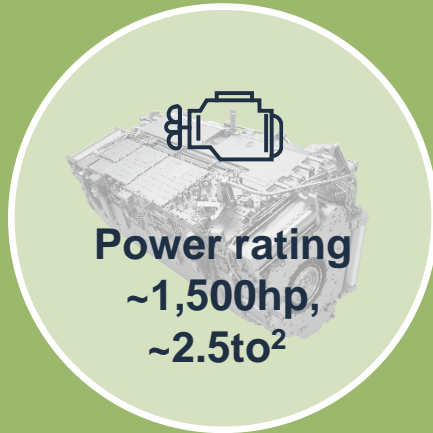
Our brand stands for reliability and performance

Vehicle Mobility Solutions



Driving Steering
Braking
~70 tons¹

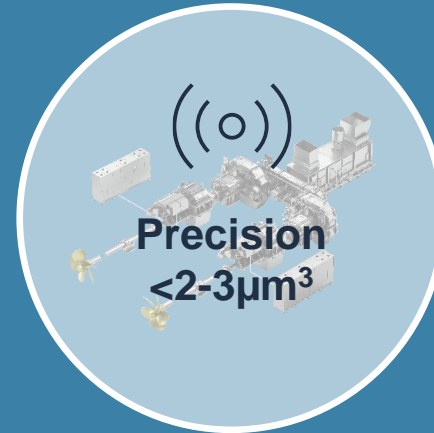
Maximum
manoeuvrability



Power rating
~1,500hp,
~2.5to²

High power-to-
weight ratio

Marine & Industry



Precision
<2-3 μ m³

Ultralow vibration and
noise



PTO efficiency
>92%⁴

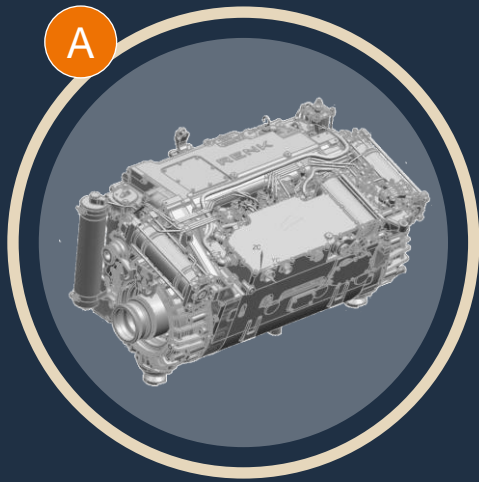
Minimum energy
losses

1. Hybrid mobility system with capability to drive, steer, and brake up to 70 tons vehicle class weight; 2. Refers to metric tons; 3. Permissible limit of variation in product manufacturing; 4. Power Take Out efficiency referring to yield of electrical energy compared to input mechanical energy when used as generator with industry typical efficiency closer to ~70%

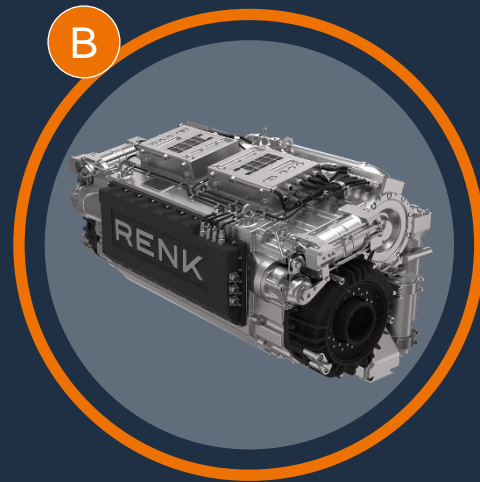
We will expand our technology core and focus on three future areas: electrification/hybridization, digitalization as well as system engineering

Enabling technology (core1)

New technologies expanding the core



Core technology



Electrification/hybridization



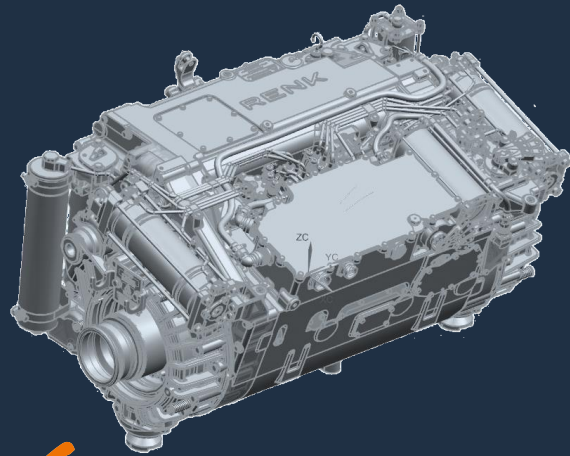
Digitalization²



System engineering

1. Including technology and cost optimization processes and design, product performance improvements; 2. Including X-by-Wire and Autonomous Driving

Expansion of our transmission portfolio for vehicles in lighter weight classes, especially tracked vehicles <20t and UGVs



Key facts

Market attractiveness

>€350m

Full market potential after 2030 due to ongoing technological development and UGV adoption

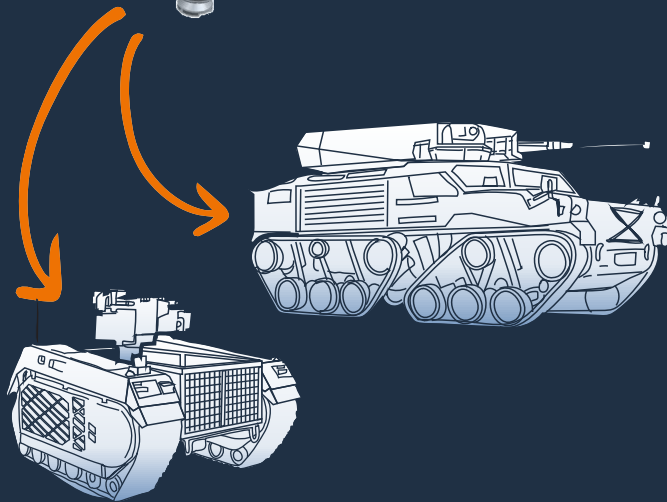
Market potential

UGVs (esp. tracked)

Wingmen for MBTs, IFVs, and APCs

Platform potential

- LuWa



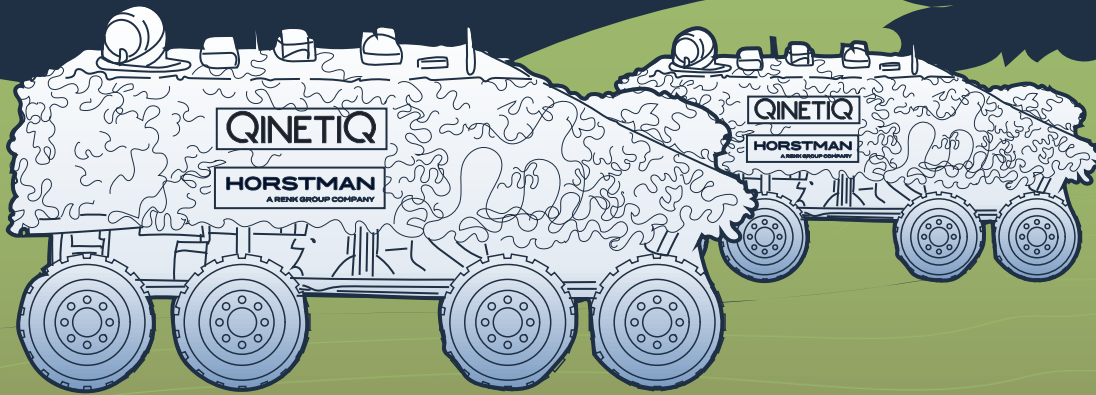
RENK's market-leading value proposition

- ✓ **Advanced X-by-Wire/remote-controlled** steering and autonomous navigation capabilities
- ✓ **Downsized and lightweight** transmissions
- ✓ **Electrification/hybridization in-house** competence with **Magnet-Motor**
- ✓ Potential **use-case for digitalization**

We are complementing our internal R&D efforts, as well as our customer-funded R&D projects, with technological partnerships

QINETIQ & RENK

MoU signed: QinetiQ is our Advanced Mobility Technology Partner

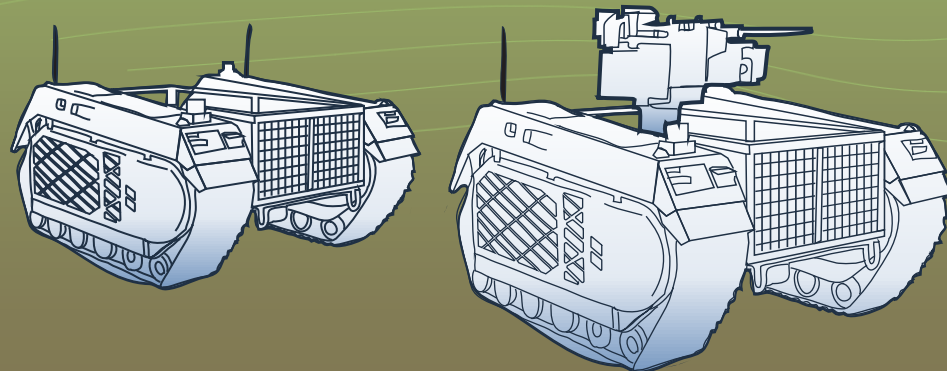


A

Advanced steering and navigation systems

B

Scalable and electrified drivetrain solutions



We have developed a new transmission with hybrid capabilities for MBTs and other heavy tracked vehicle platforms of the future

Key facts

Market attractiveness

> €1.0bn

Market potential

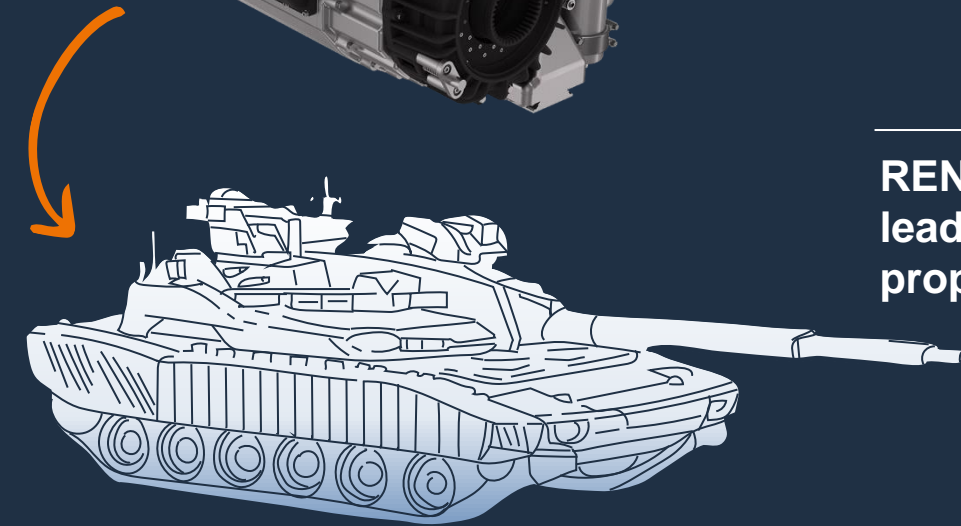
Repowering

New platforms

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> ▪ Leopard 2 ▪ Ariete ▪ Leclerc | <ul style="list-style-type: none"> ▪ Merkava IV ▪ Challenger 3 ▪ K1/K2 ▪ M1E3 Abrams | <ul style="list-style-type: none"> ▪ Panther (KF51) ▪ K3 ▪ MGCS |
|--|--|--|

RENK's market-leading value proposition

- ✓ Mild hybrid drive function with **precise electrical steering and electric power for advanced manoeuvrability (~300kW power)**
- ✓ Drive-by-wire with digital interface and **autonomous enhanced data-based mobility features**
- ✓ Hybrid transmission enabled **without need to change vehicle to high-voltage grid** (enabling repowering)



Future MGCS platform concept

We are developing an advanced electric propulsion technology securing order potential for future surface and underwater combatants

Key facts

Market attractiveness

> €350m

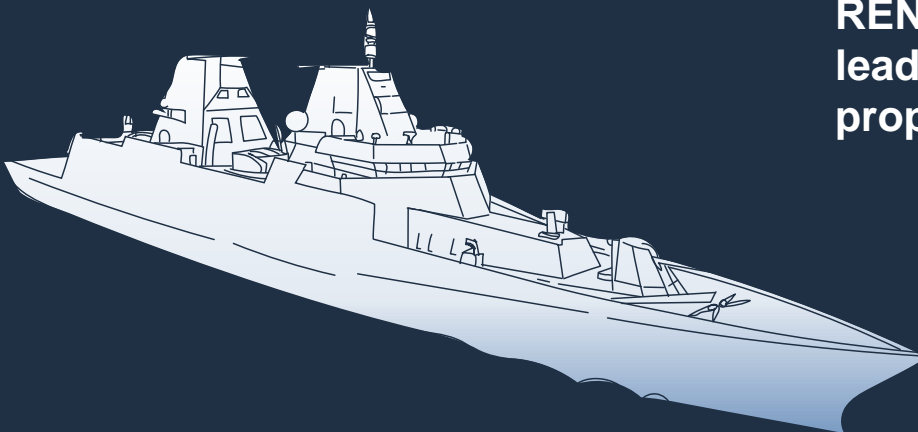
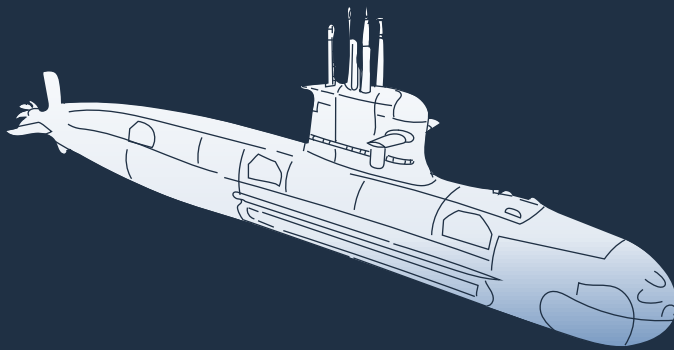
Market potential

Vessel types supported

- Submarines
- Mine warfare systems
- Frigates

RENK's market-leading value proposition

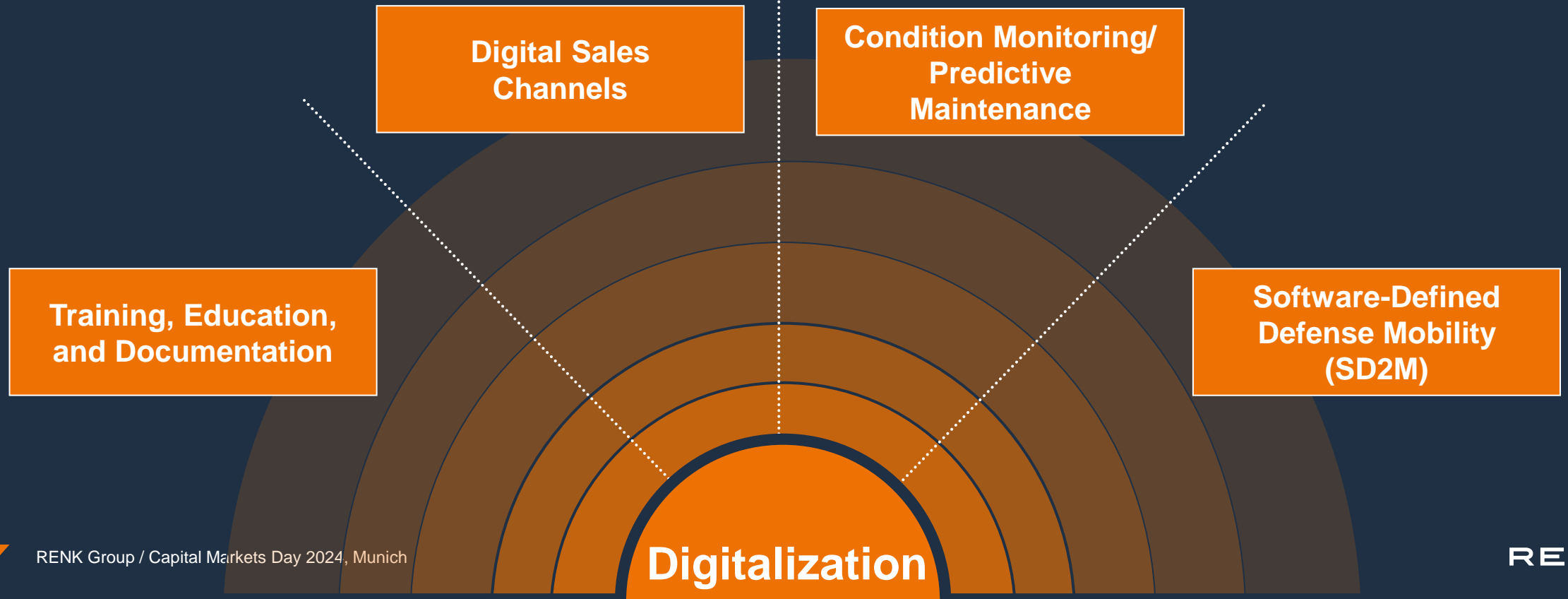
- ✓ Designed for **ultralow acoustic signatures**
- ✓ Advanced materials to achieve **low magnetic signatures**
- ✓ **Space-optimized compact design** for tight compartments
- ✓ Sophisticated **electronic control** with easy **integration into future** electric naval **platforms**



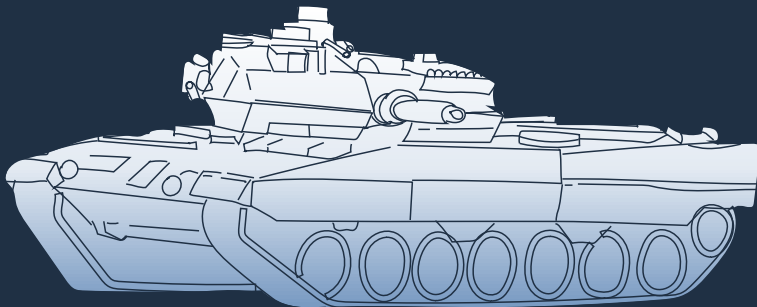
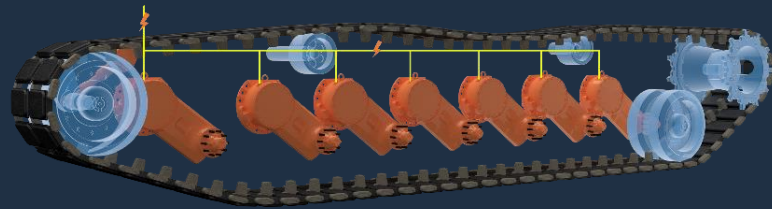
Digitalization is an important enabler to secure our current and future business portfolio

1 Support of Core Business (“Hardware”)

2 New Software-based business models



Our in-arm dampers use advanced sensors and networks to optimize usable lifetime and performance



Key facts

Market attractiveness

> €500m

Market potential

Tracked vehicle types supported

- MBTs
- IFVs
- APCs
- SPHs

RENK's market-leading value proposition

- ✓ Advanced **sensor concept detects early signs of fatigue and wear** and enable **preventive maintenance**
- ✓ Optimized drive performance through **adjustable track tension and ride height control** improving cross-terrain capabilities and vehicle speed
- ✓ **Semi-active damper control** reduces fatigue on vehicle and operators enabling extended operations

Looking to the future – Our digitalization products will have many use cases in the connected battlefield

LAND PLATFORM use case:

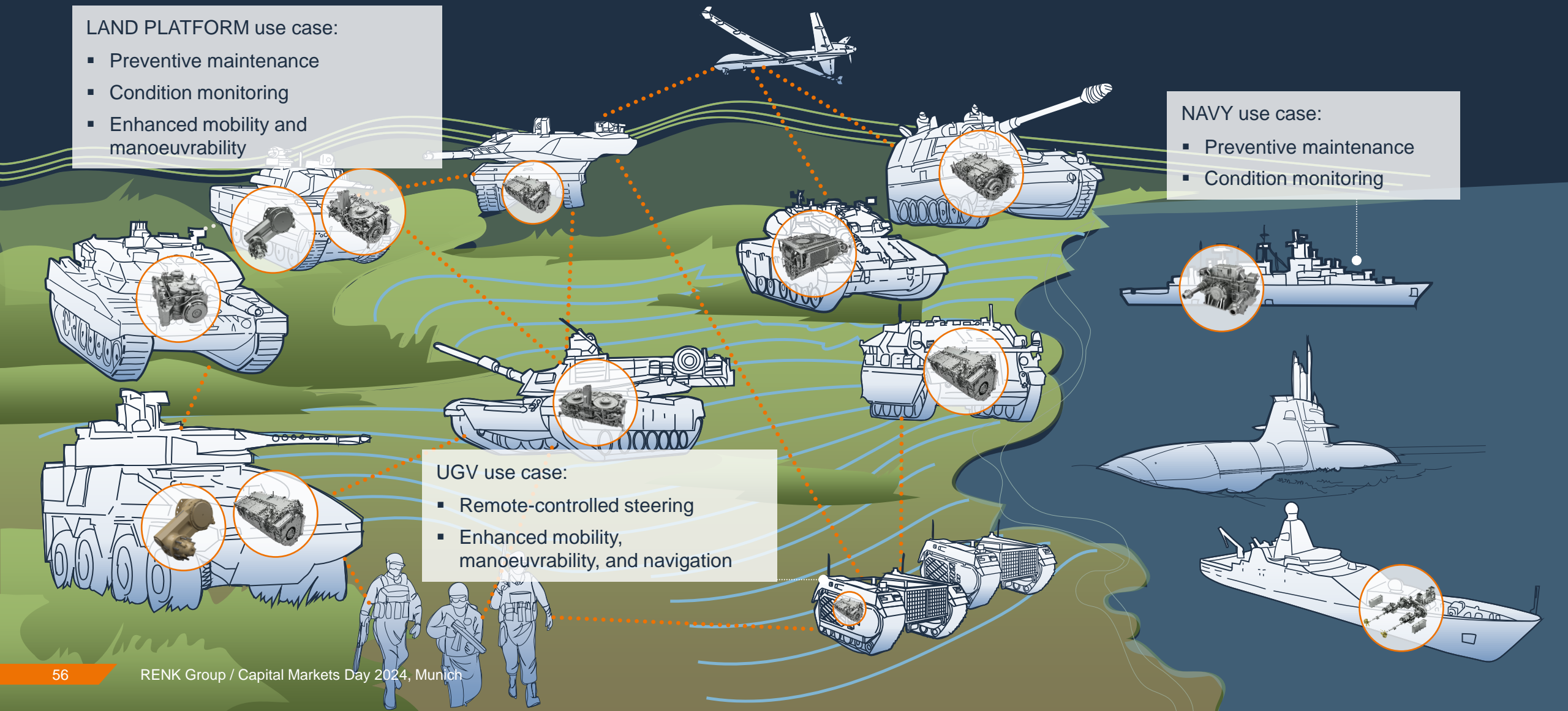
- Preventive maintenance
- Condition monitoring
- Enhanced mobility and manoeuvrability

NAVY use case:

- Preventive maintenance
- Condition monitoring

UGV use case:

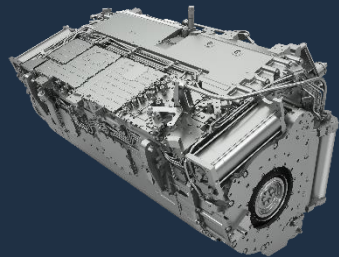
- Remote-controlled steering
- Enhanced mobility, manoeuvrability, and navigation



RENK – a technology-driven company for supporting our customer demands and driving future business development

Technology leader in the super cycle

Unmatched product performance and reliability driving our ability to capture the defense super cycle



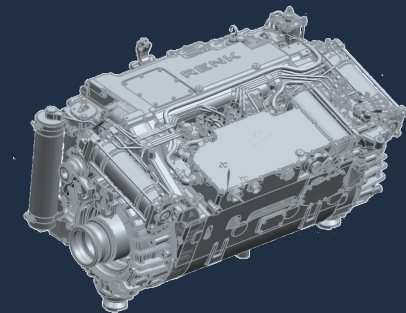
We continuously develop new capabilities

Staying at the forefront of technology transitioning in relevant industry domains



We drive impact with our partners and M&A

Developing cutting edge technology with our partners and targeted acquisitions of specialized players



Dr. Emmerich Schiller

MD Production and Supply Chain
RENK GmbH



We have a global production footprint and are present in all major regions and countries



Muskegon



Sterling Heights



Brampton



Bath



Saint-Ouen-l'Aumône



Starnberg



Augsburg



Bengaluru



Rheine



Winterthur



Hanover

VMS M&I SB

● Production footprint
○ Sales, services, and/or R&D



€5m fund to secure business continuity through enhanced site security measures

We have a global supply chain which we are continuously improving to secure critical material and safeguard our production

Measures



Redundancies for all critical suppliers to **avoid dependencies**



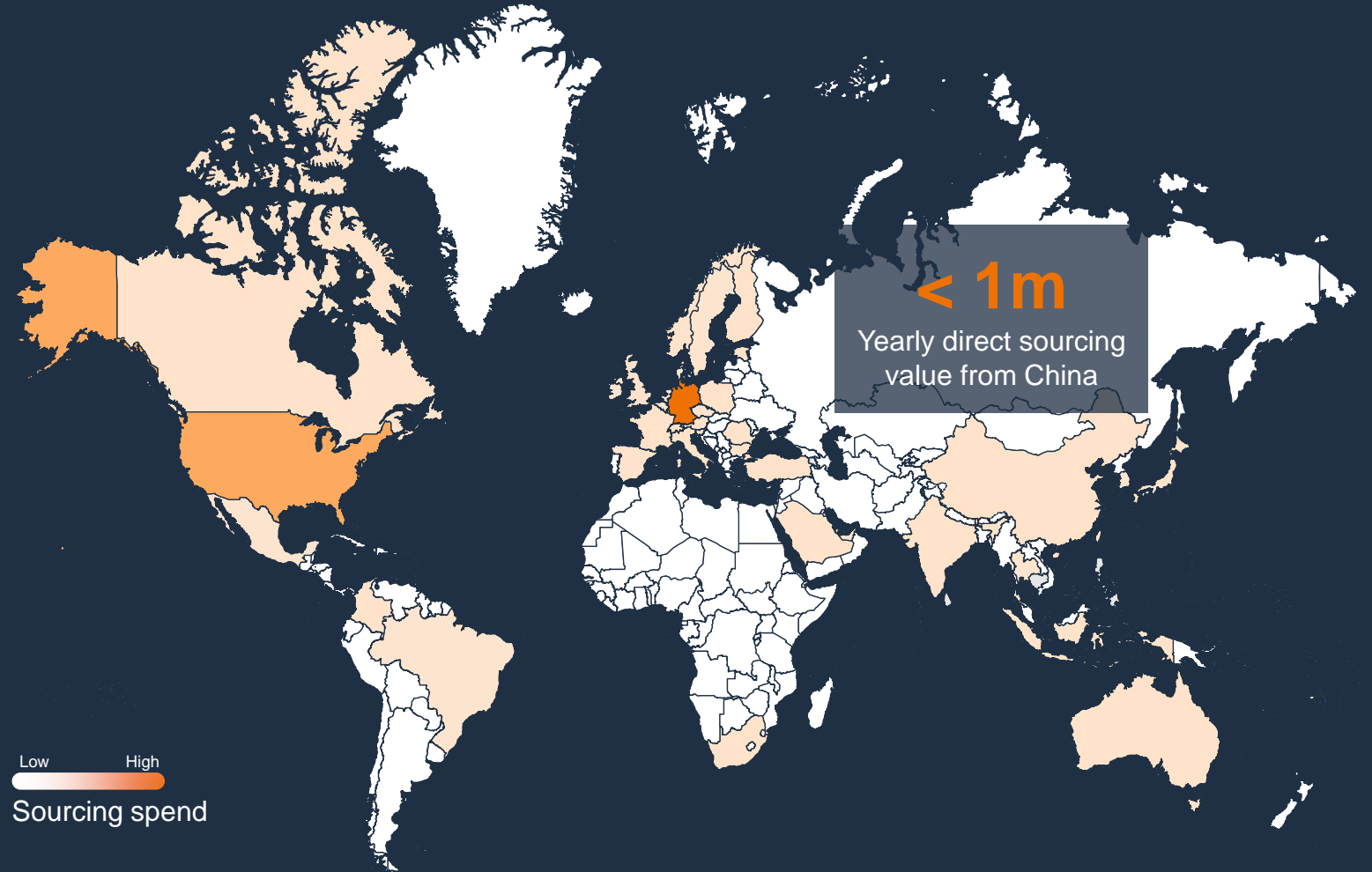
Flexibility to shift production either in-house or to external suppliers



Regional balanced and hedged supplier base



Capability to **insource production** key parts

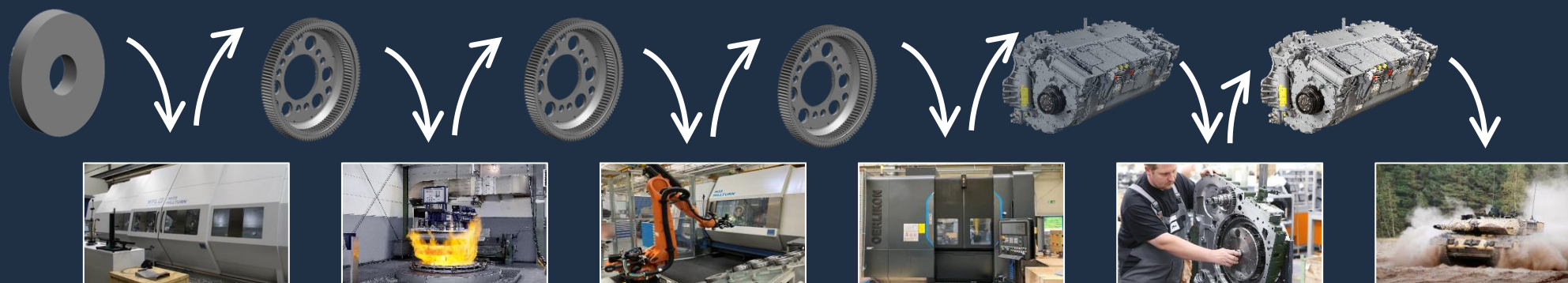


Manufacturing excellence is in RENK's DNA with deep coverage and significant value addition along our independent value chain

Covered by RENK



Illustrative



~65%

High level of vertical integration¹

~60%

Share of headcount in manufacturing² Jul-24

1. Calculated by dividing the sum of (i) variable manufacturing costs, (ii) direct labor costs, (iii) fixed indirect material costs, (iv) fixed manufacturing costs, and (v) DB2 by total order-related costs and DB2. Total order-related costs comprise costs of materials, order-related outsourced products/services, variable manufacturing costs, indirect labor costs, fixed indirect material costs, and fixed manufacturing costs; 2. Production, logistics

We have done our homework: After solving last year's challenges in Augsburg, we are ready for future growth

From ...

Shortages of critical components and materials disrupting production



To ...

Increased supply security for key materials by **broadening supplier base** and **targeted inventory**

~+50%

of production start without missing items

Inefficiencies in sales- & production planning during steep ramp-up



Refocus towards **consistent alignment** between customer orders and production planning

~+15 pp

On time delivery (OTD)

Limited efficiency due to **low-volume manufacturing** production system



Increased efficiency and benefits by **shifting to small series production principles**

~-20%

Hours per transmission (HPT)¹

Testing bottlenecks for transmissions



Increased testing capacities through addition of **new test bench in Augsburg** (in Jan-24) and **improved first pass yield**

+1

New test bench

1. Final assembly, metric for internal efficiency depended on output structure within the year
Note: Numbers are based on #2023 compared to June 2024

We are bringing RENK operations to the next level by focusing on 2 dimensions



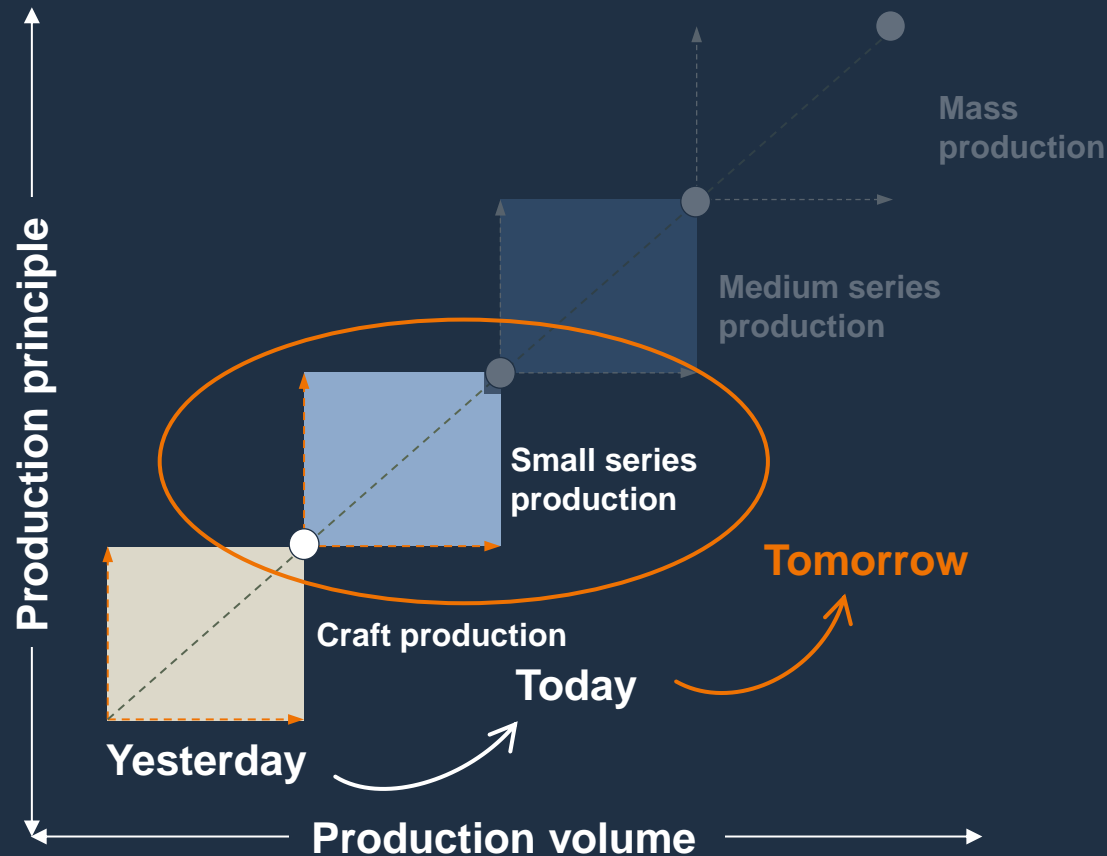
Upscale to
series supply



Upscale to
series production








We have a clear plan to further increase production volumes

From boutique to small series production



1. Bill of Materials

Fields of action

-  **Production philosophy and steering** with flexible assembly cells and frozen sequences (pearl chain)
-  **Focus on basics** with streamlined planning, clear responsibilities, and standardization
-  Implementation of a **Shopfloor Management System**
-  Consequent implementation of **line back principles**
-  **Continuous improvement** through line-walks, quality standards, and tracking
-  **Strong IT Tools** with SAP, assembly BoM¹, workflow processes, and real-time production control
-  ...

We have improved alignment between sales- and production planning



Long-term (forecast)

- **Forecast** of transmissions by type
- Long-term **capacity planning** and **adjustments**
- **Framework agreement** for supplier parts

Medium-term (planning)

- **Conversion** forecast into customer orders
- **Program planning** of transmissions for the next quarter
- **Ordering** of supplier parts

Short-term (steering)

- Production of **customer orders**
- **Program steering** on a daily basis
- **Call-off** supplier parts

Selected examples of identified efficiency measures and the effect on the “hours per transmission”

Material kitting in line with assembly sequence



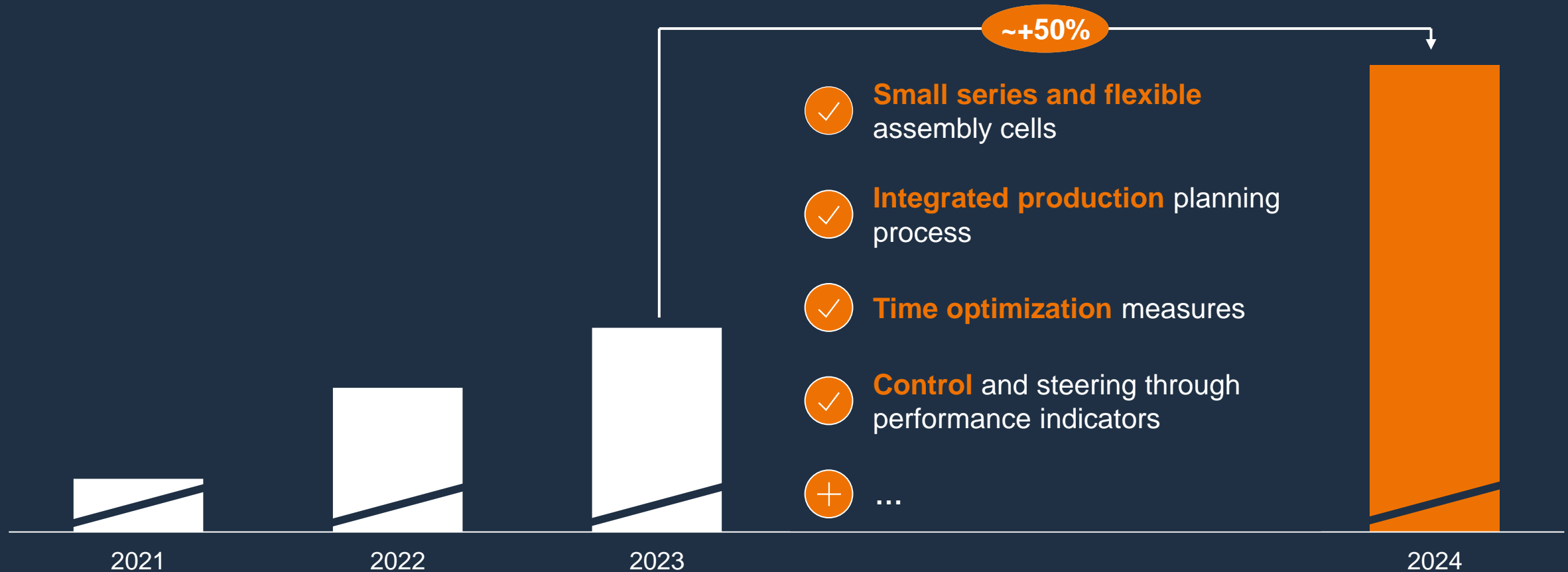
Standardized assembly cell for sub components



Time reduction per transmission

We have increased our output by about 50% with no capex and additional headcount

of new transmissions built at VMS Augsburg p.a.



Five performance indicators underlining our improvements at our new vehicle transmission production

Performance indicators, Ø 2023 vs. target 2024 (new transmissions Augsburg)



+50%

of transmission output p.a.



-30%

Hours per transmission¹



+80%

of transmissions per working day²



+55%

First pass yield



+75 pp

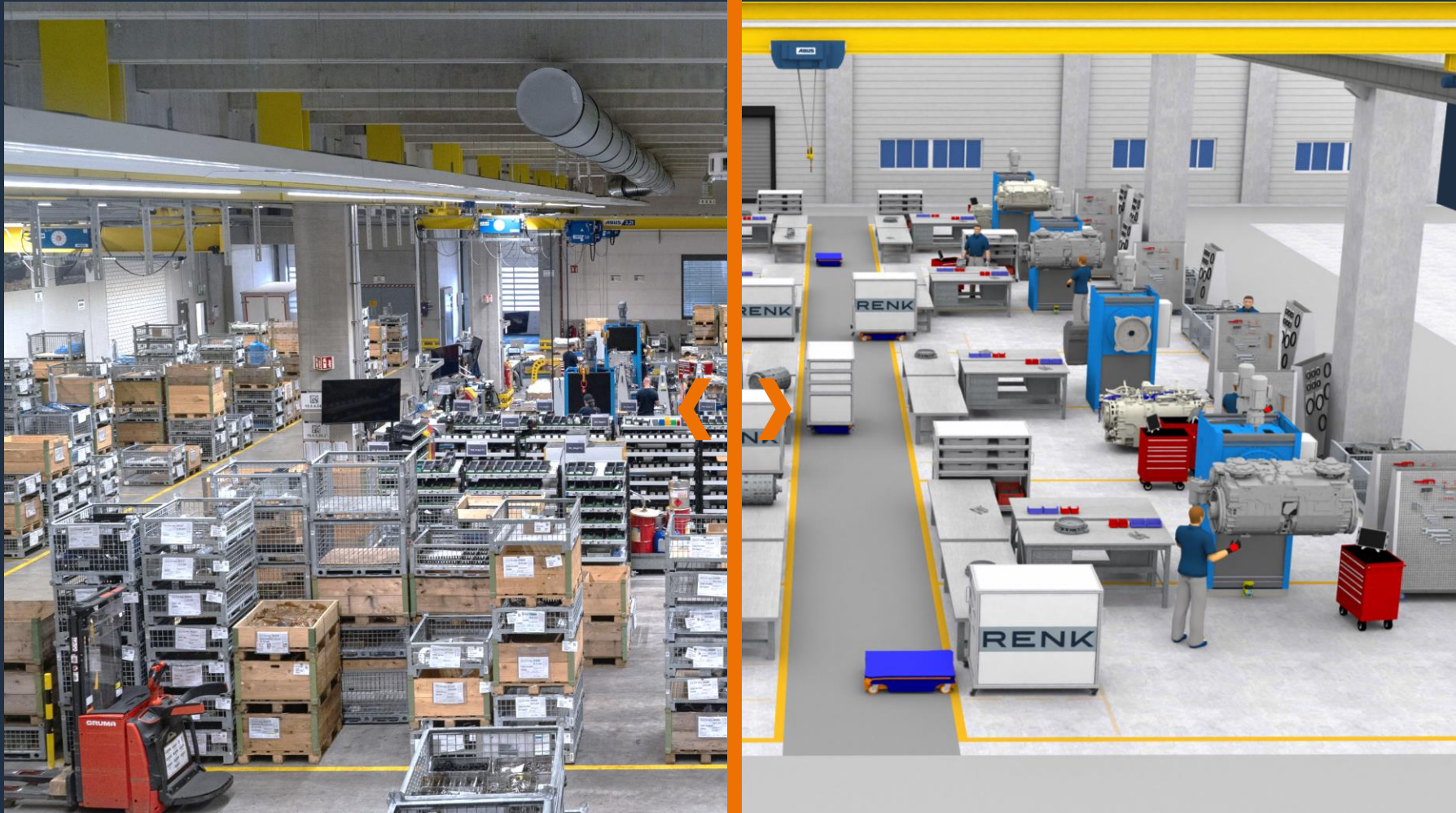
On time delivery

1. Final assembly, metric for internal efficiency depended on output structure within the year; 2. Average 2023 compared to expected average of Nov-24 and Dec-24

Next step: Implementing a small series assembly/logistic concept to further improve efficiency and capacity



Next step: Implementing a small series assembly/logistic concept to further improve efficiency and capacity

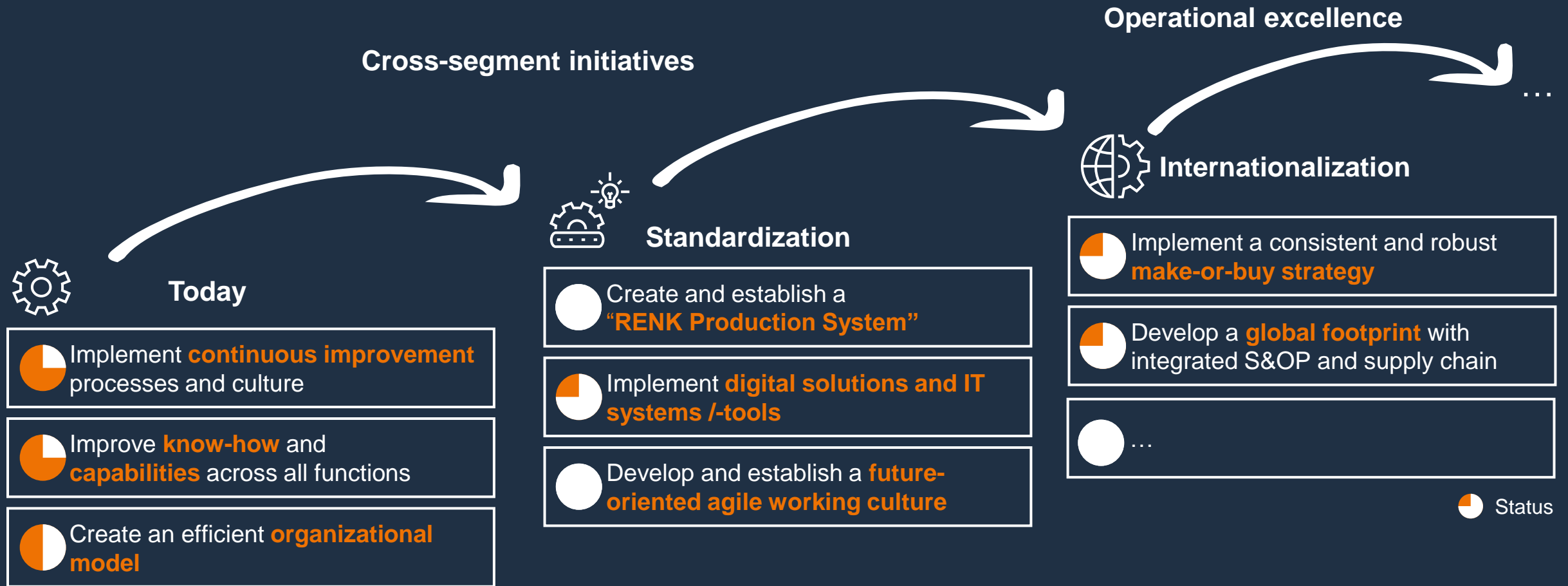


Next step: Implementing a small series assembly/logistic concept to further improve efficiency and capacity



Leveraging our learnings from VMS in Augsburg, we are in the process of rolling out operational excellence to all RENK sites

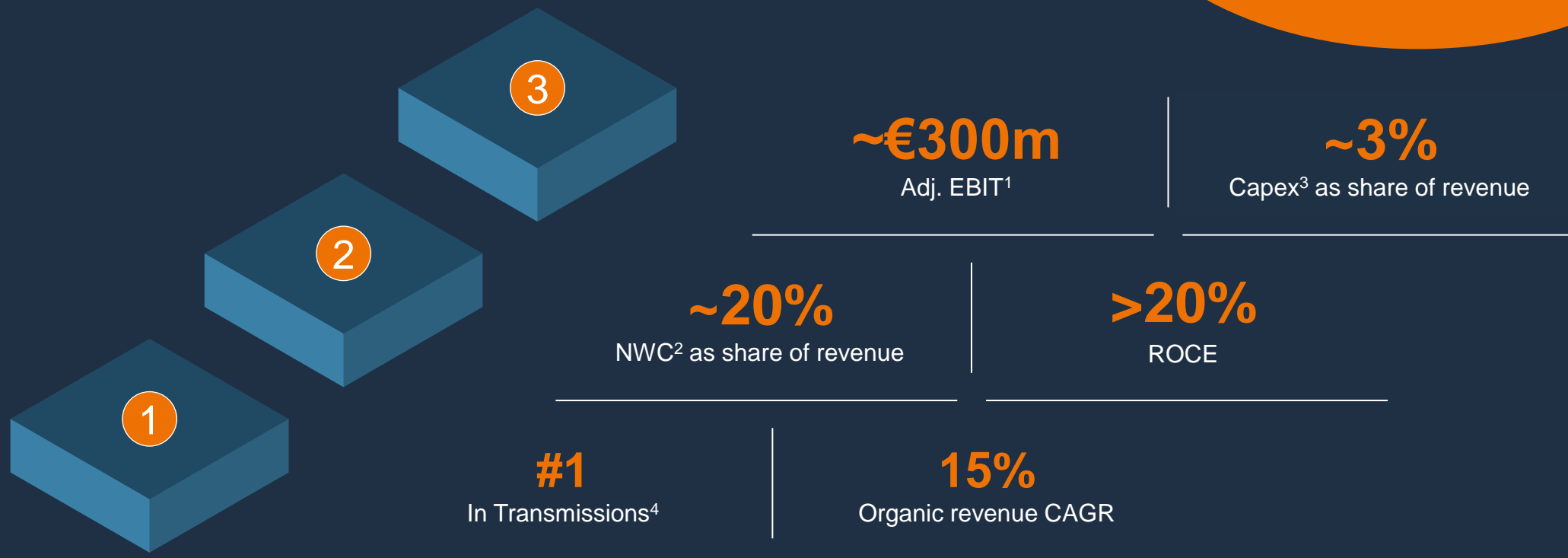
RENK Production System to set standardization and realize synergies between sites





Closing Remarks

As easy as 1, 2, and 3



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 nonrecurring in nature. Adj. EBIT margin is defined as adj. EBIT divided by revenue; 2. Includes inventories, receivables, contract assets, trade payables, and contract liabilities; 3. Capex defined as payments to acquire property, plant and equipment, and intangible assets; 4. #1 position for transmissions in tracked military vehicles in our accessible markets