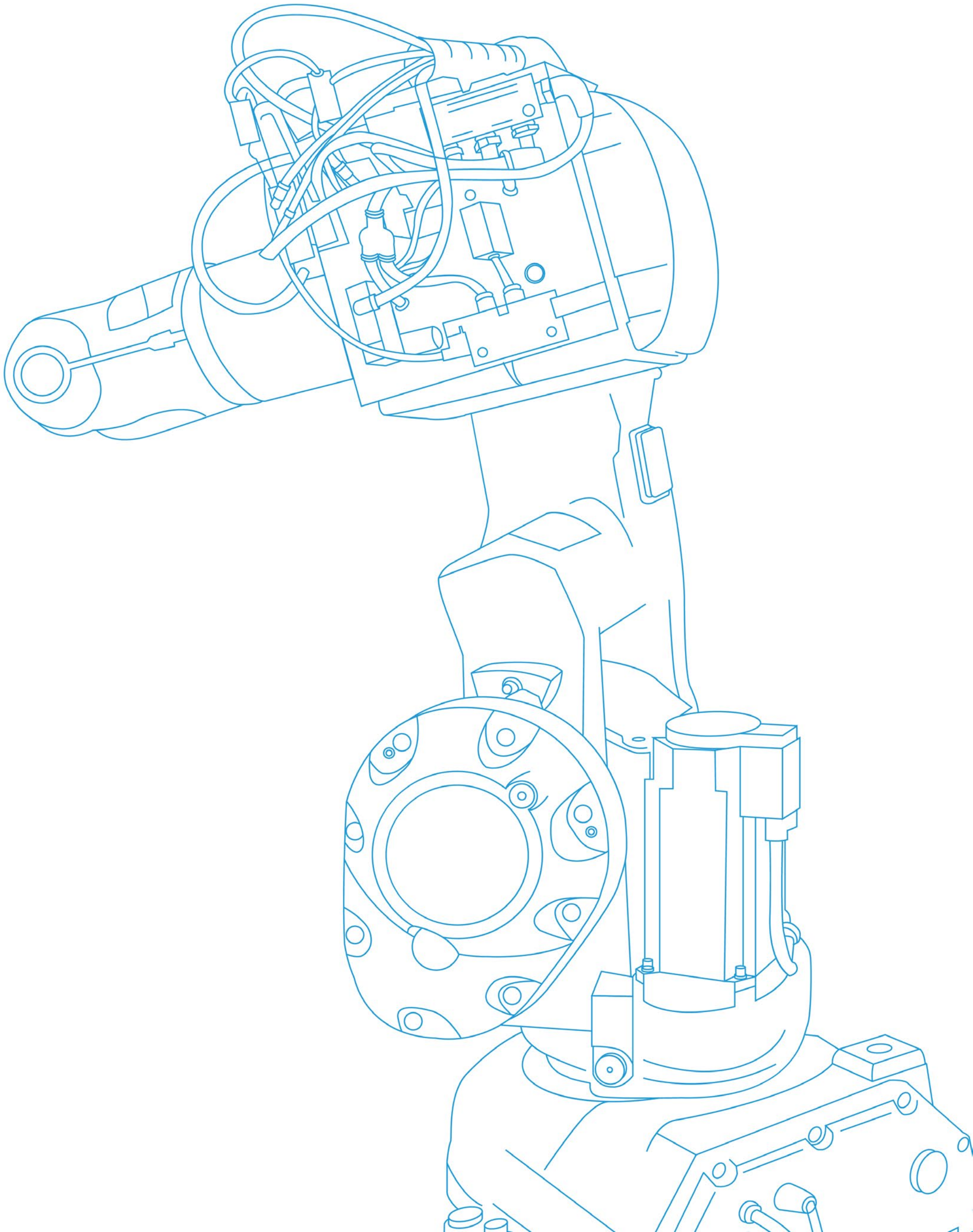
RENOLD

STEP2: Growth

Half Year Results

Half year ended
30 September 2022



HY23 Highlights

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“Significant revenue growth… record order book… strong increase in earnings”

Financial highlights

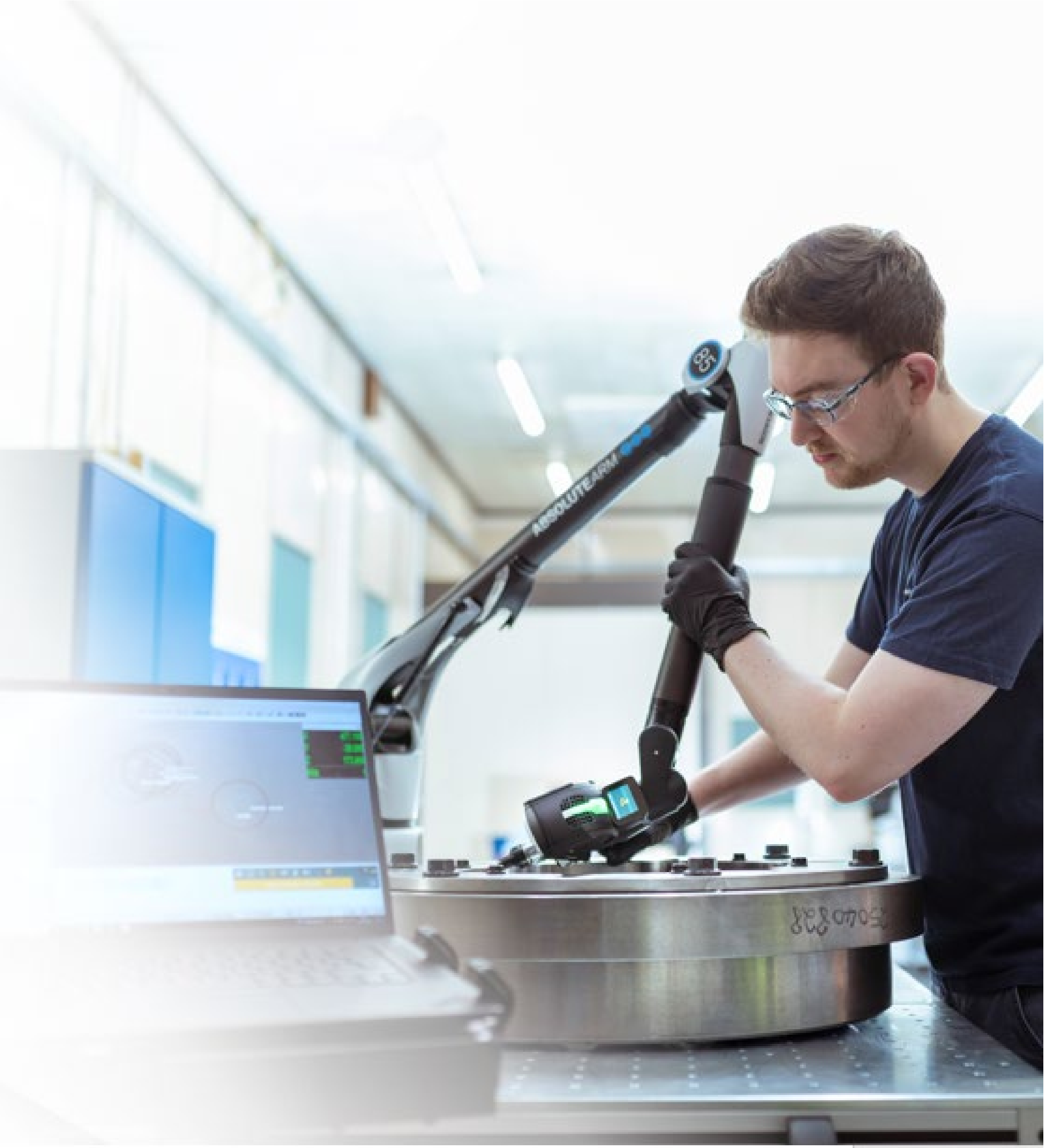
- Revenue up 22%, 14% at constant exchange rates
- Adjusted operating profit up 33.3% to £9.6m (HY22 £7.2m)
- Return on sales increase of 80bps to 8.3%; inflation recovered
- Net debt increase due to acquisition of YUK S.A.
- Adjusted EPS growth of 42% to 2.7p (HY22 1.9p)
- Working capital growth, but flat as % of sales
- Pension deficit reduced by 29.6% to £61.3m (FY22 £87.1m)

“Successful management of high inflation and supply chain disruption”

Business highlights

- Strong performance despite significant economic uncertainty, cost pressure, material availability issues and global supply chain disruption
- Highly complementary acquisition of YUK S.A. successfully completed
- Closing order book of £99.0m up 8.5% vs FY22 at constant exchange rates
- Order intake of £121.3m continues to run ahead of sales (HY22: £102.0m, excluding £11.0m long-term military contract) up 18.9%
- Continued delivery of increased performance through specific operational efficiency projects
- Delivery and commissioning of new capital equipment; increasing global capability and group-wide supply chain

Financial review
Jim Haughey
Group FD



Financial review – Group summary

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	HY23 £m	HY22 £m	Change %	Constant exchange rates %
Revenue	**116.3**	95.3	+22.0%	+14.3%
Adjusted operating profit	**9.6**	7.2	+33.3%	+20.8%
Return on sales	***8.3%***	*7.5%*		
Adjusting items	**(0.8)**	1.5		
Operating profit	**8.8**	*8.7*		
Profit before tax	**6.5**	6.7		
Effective tax rate	***26.2%***	*16.4%*		
Adjusted EBITDA	**15.0**	12.4	+21.0%	
Adjusted EBITDA margin	***12.9%***	*13.0%*		
Net debt	**34.0**	13.8		
Adjusted EPS	**2.7p**	1.9p	+42.1%	
Basic EPS	**2.3p**	2.6p	-11.5%	

- Revenue growth reflects strong order books
- Significant improvement in adjusted operating profit and return on sales, despite considerable material price, transport and energy inflation, and supply chain disruption
- Net debt increased due to the acquisition of YUK and German energy contingency planning

Significant revenue growth and strong increase in earnings

Financial review - Divisional summary

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Chain

	HY23 £m	HY22 £m	Change %	Constant exchange rates %
Revenue	**95.1**	76.6	+24.2%	+16.4%
Adjusted operating profit	**12.5**	9.2	+35.9%	+27.2%
Return on sales	***13.1%***	*12.0%*		
Non-recurring items	**(0.2)**	1.7		
Reported operating profit	**12.3**	10.9	+12.8%	+5.5%

- Record revenue and closing order book in Europe and Americas
- Acquisition of YUK S.A. completed and trading ahead of expectations
- HY22 flattered by £1.7m of loans forgiven under US Government Paycheck Protection Program

Torque Transmission

	HY23 £m	HY22 £m	Change %	Constant exchange rates %
Revenue	**23.0**	20.6	+11.7%	+4.9%
Adjusted and reported operating profit	**1.5**	1.8	-16.7%	-22.2%
Return on sales	***6.5%***	*8.7%*		

- Increased activity in Australian and North American market
- Adverse change in product mix
- Timing on long-term military contract

Central costs

	HY23 £m	HY22 £m
Intersegment revenue elimination	**(1.8)**	(1.9)
Central costs	**(4.4)**	(3.8)
Non-recurring items	**(0.6)**	(0.2)
Reported operating loss	**(5.0)**	(4.0)

- Non-recurring items includes £0.6m of acquisition costs in HY22

Resilient margins despite inflationary cost pressures

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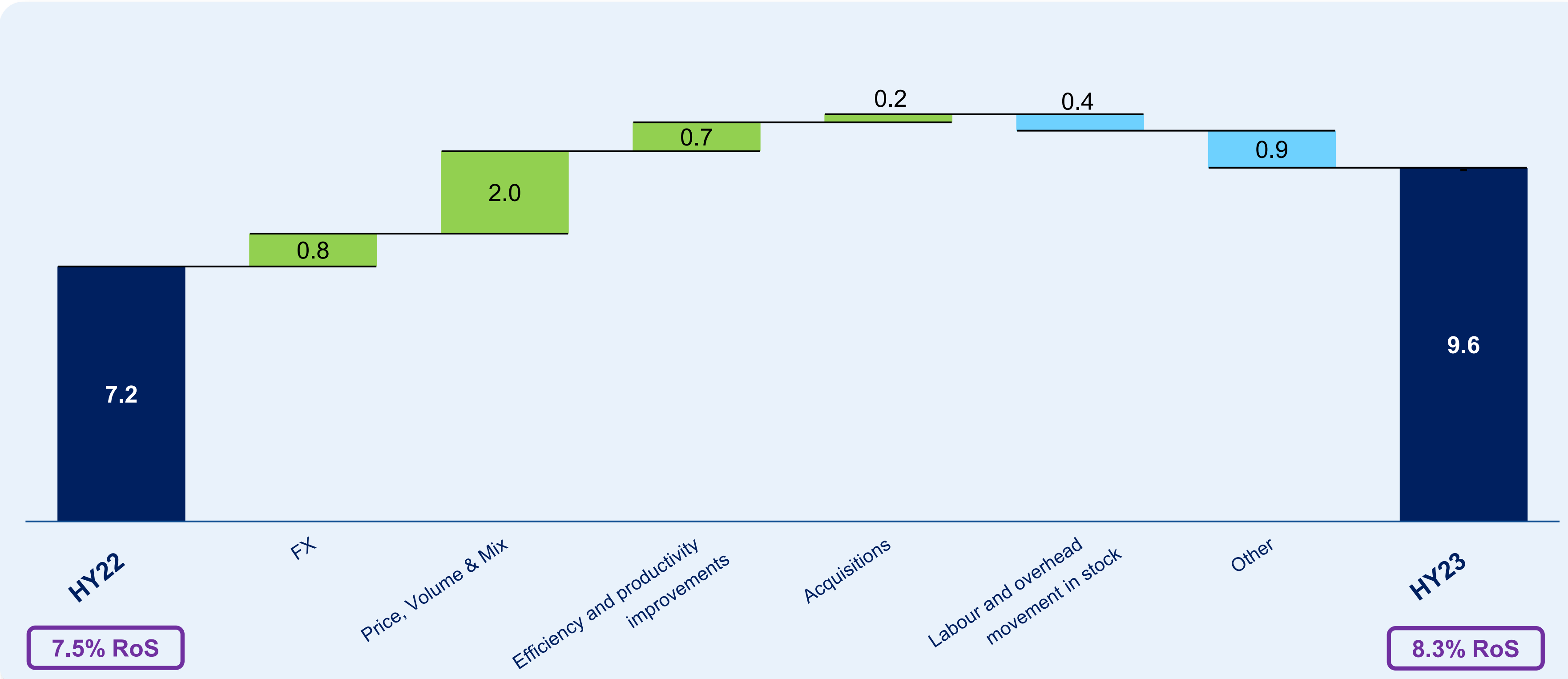
Adjusted operating profit bridge, £m



- Operating profit growth despite material, transport and energy cost increases
- Strategic plan benefitting operating profit as a result of:
  - Measurable efficiency and productivity improvements
  - Successful acquisitions

Proactive and successful recovery of higher manufacturing costs

Financial review – Cash flow

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	HY23 £m	HY22 £m
Adjusted operating profit	**9.6**	7.2
Depreciation and amortisation	**4.9**	4.7
Share-based payments	**0.5**	0.5
Adjusted EBITDA	**15.0**	12.4
Movement in working capital	**(7.6)**	-
Net capital expenditure	**(2.2)**	(1.3)
Operating cash flow	**5.2**	11.1
Income taxes	**(1.3)**	(1.3)
Pensions cash costs[1]	**(3.1)**	(2.4)
Leasing	**(1.2)**	(1.4)
Financing costs paid	**(1.3)**	(0.8)
Consideration paid for acquisition	**(17.8)**	(0.3)
Own shares purchased	**-**	(1.8)
Other movements	**(0.7)**	1.4
Cash (outflow) / inflow	**(20.2)**	4.5
Closing net debt	**(34.0)**	(13.9)

[1] Pension cash costs exclude pension administration costs which are included within operating profit

- Net debt increased due to successful acquisition of YUK
- Working capital growth due to inflation and planned inventory increases
- Financing costs increased due to the higher level of net debt, with increasing interest rates
- Capital investment increasing, although supply chain bottlenecks
- UK Pension scheme contributions return in line with Pension Trustee agreement, including the repayment of previously deferred contributions
- HY22 change in net debt flattered by £1.7m US PPP loan forgiveness

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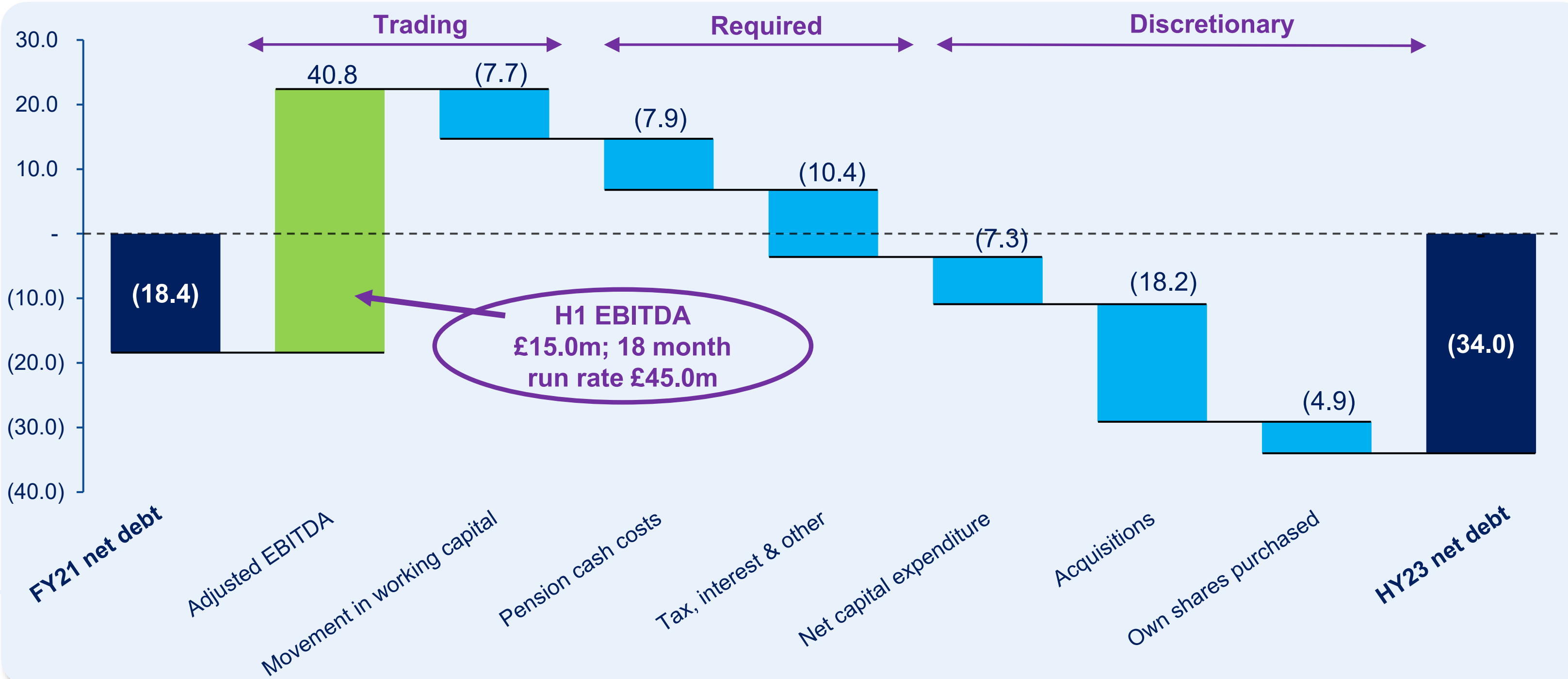
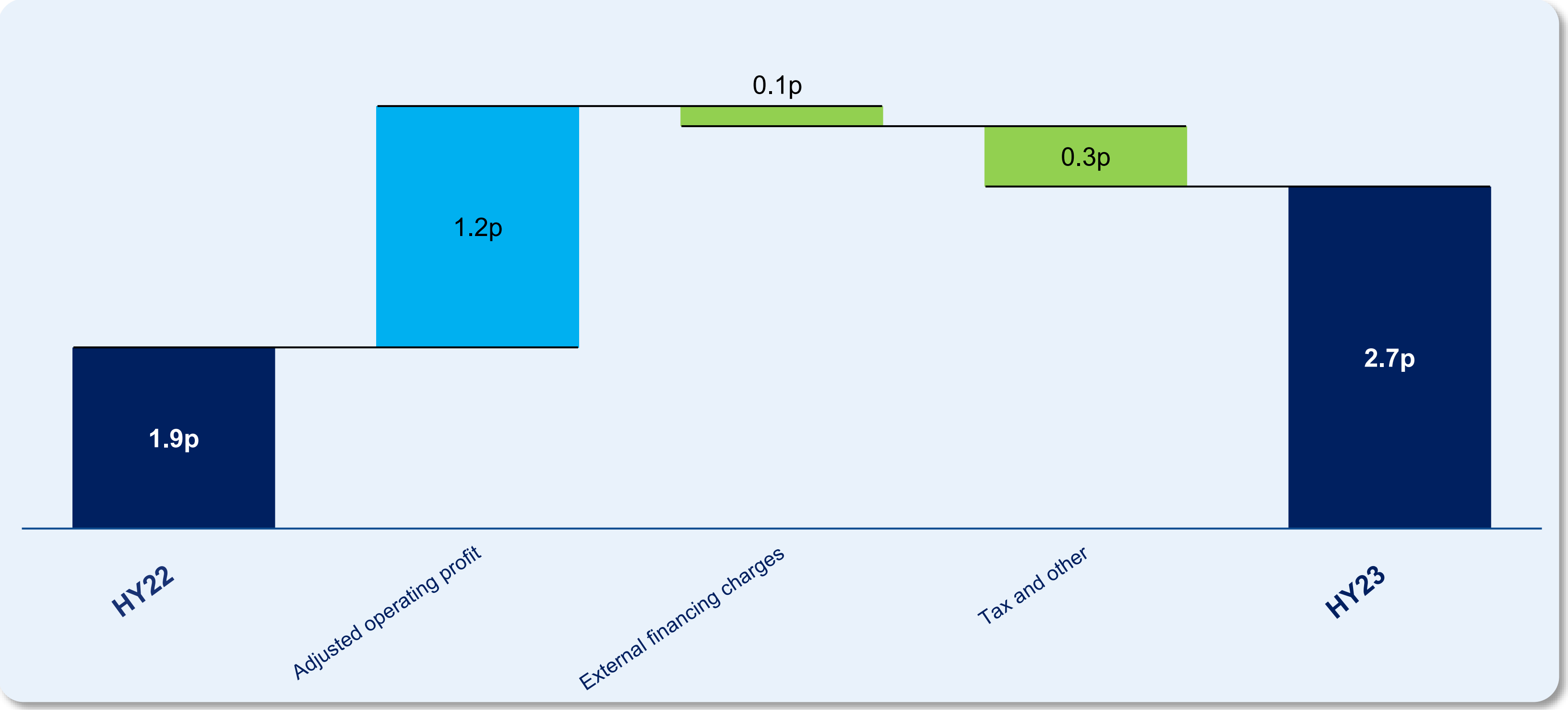
18 month cash flow bridge, FY21 to HY23



- Strong cash conversion from trading, notwithstanding working capital growth
- Inventory increased as part of contingency planning against potential energy supply disruption in H2 and initiatives to increase service levels to certain key customers
- Growing EBITDA; continued record levels

Discretionary spending to generate future growth

Adjusted EPS bridge, HY22 vs HY23



- Adjusted EPS growth of 42% to 2.7p
- Higher financing charges expected in H2; increasing interest rates and higher borrowings
- Effective tax rate increase due to greater profits in higher tax rate jurisdictions; downward earnings pressure

Earnings exceed pre-pandemic levels

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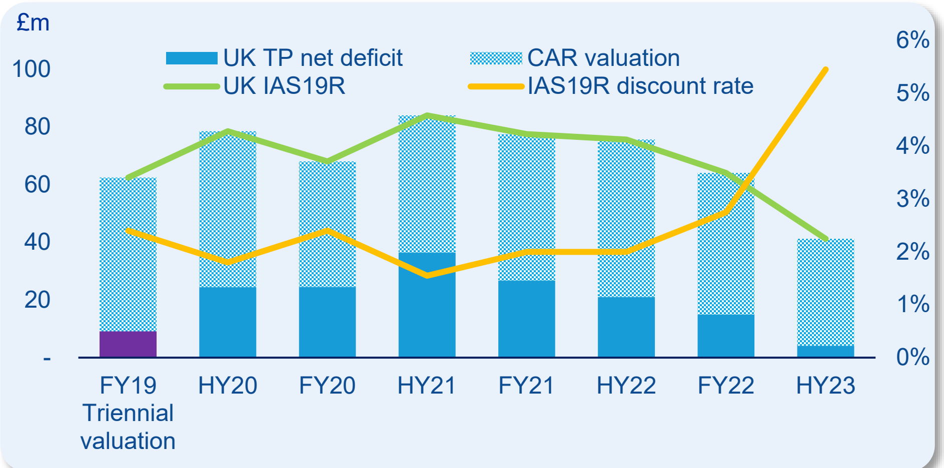
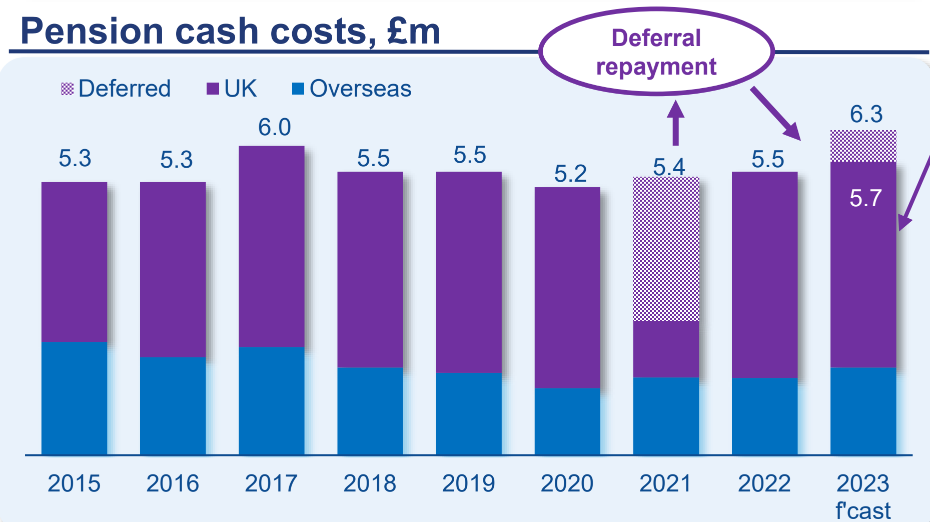
UK scheme deficit



Pension cash costs, £m



Cash costs include pension administration costs which are included within operating profit (FY23 f'cast: £0.8m), and NZ pension scheme closure costs (FY23 f'cast: £0.2m)

- Group deficit of £61.3m reduced by £25.8m
- UK scheme IAS19R deficit of £41.2m, which has reduced by £22.8m
- UK discount rates increased 270bps to 5.45%, offset by 5bps increase in CPI inflation to 3.20%

Pension cash costs are **predictable** and **manageable**

- The Group has a 25-year deficit reduction agreement providing **long-term visibility** of cash contributions (15.5 years remaining)
- Triennial valuation discussions ongoing
- UK cash cost increase capped at CPI +5%
- New Zealand scheme closed April 22, incrementally winding down overseas schemes to limit future cash costs
- 50bps reduction in the discount rate increases liabilities by £7m

Sustainable and predictable pension cashflows

Business review

Robert Purcell
CEO

Market backdrop

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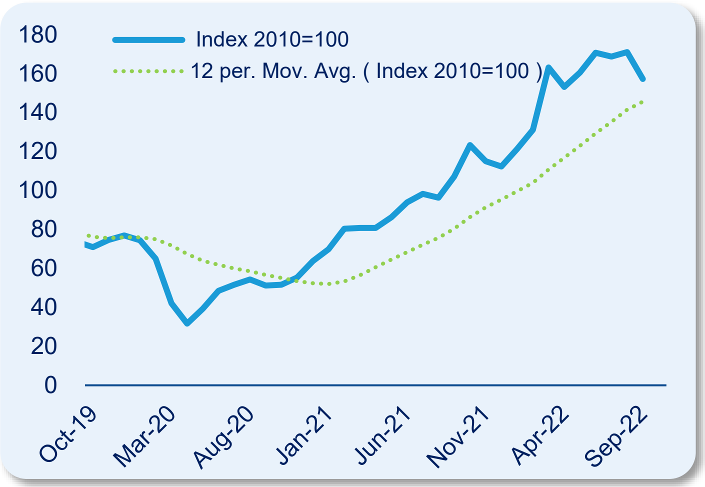
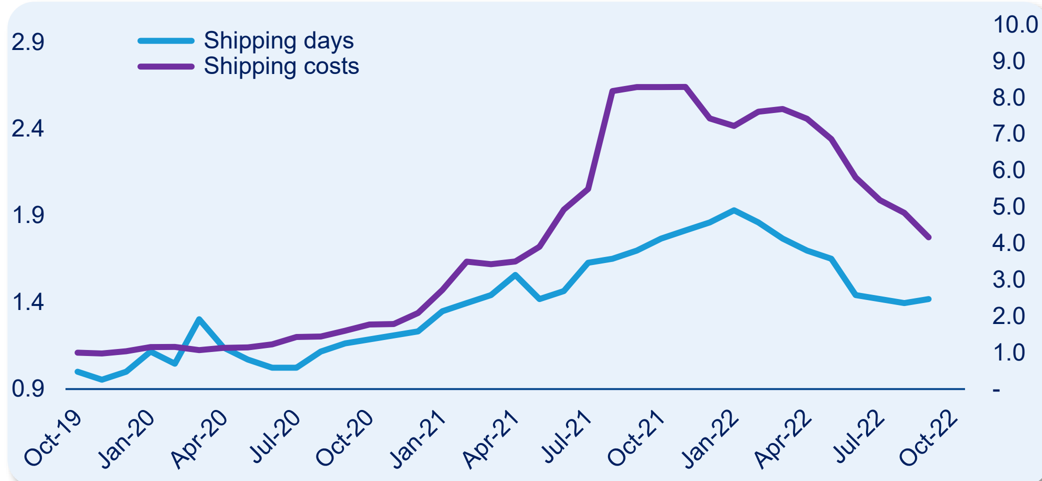
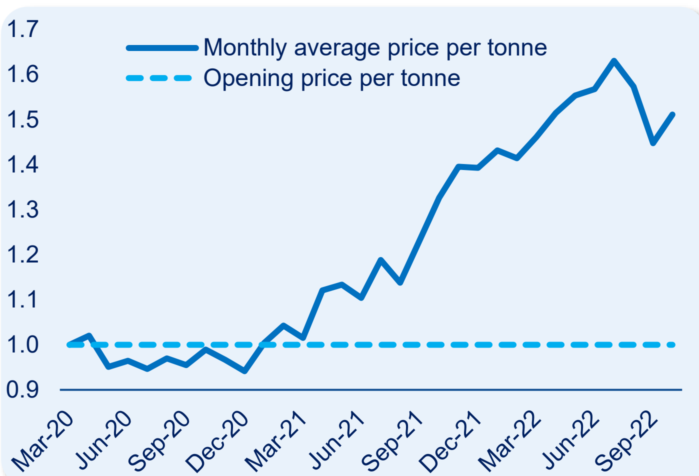
Global energy prices, indexed



Shipping time and costs, indexed



Group steel purchase price, indexed



- Growth despite volatile macroeconomic backdrop
- Inflationary pressures on material, transport and energy costs continue. Further pressure on all costs expected into H2
- Whilst improved since the height of the Covid-19 pandemic, shipment disruption continues with both extended shipment times and increased costs
- Potential European energy disruption is an unknown quantity

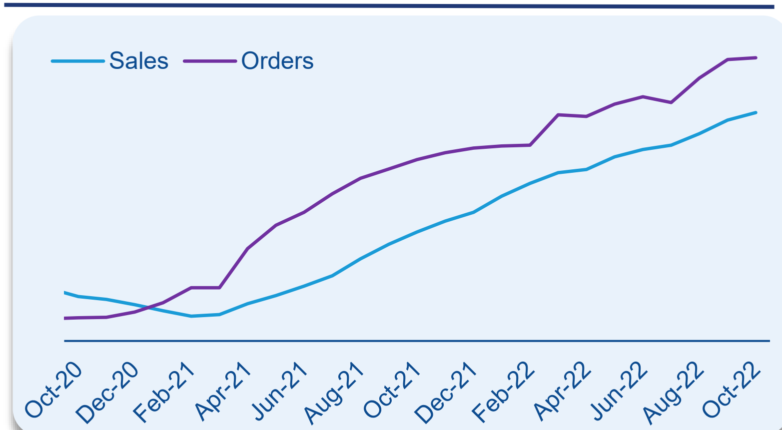
Successful management of high inflation and supply chain disruption

Divisional summary

Chain

- Record closing order book in the majority of regions
- Completed successful acquisition of YUK; currently trading ahead of expectations
- Australasia benefitting as markets trend to domestically manufactured goods
- Capital investment across several locations to support STEP2 strategic plan
- Expansion of warehousing footprint in India and Turkey to provide better geographic coverage and access to new markets

Chain sales and orders[1]



Torque Transmission

- Activity increased within the Gears business unit, as well as further recovery in the North American and Australian markets
- Slowdown in Couplings activity due to normal pattern of demand on long-term military contract, along with change in product mix
- TT impacted more by component supply delays and shortage of skilled labour in some locations
- Momentum in this division is expected to increase in the second half of the year

TT sales and orders[1]

[1] Moving annual total at constant exchange rates

Growth and positive outlook despite volatile market conditions

Market dynamics

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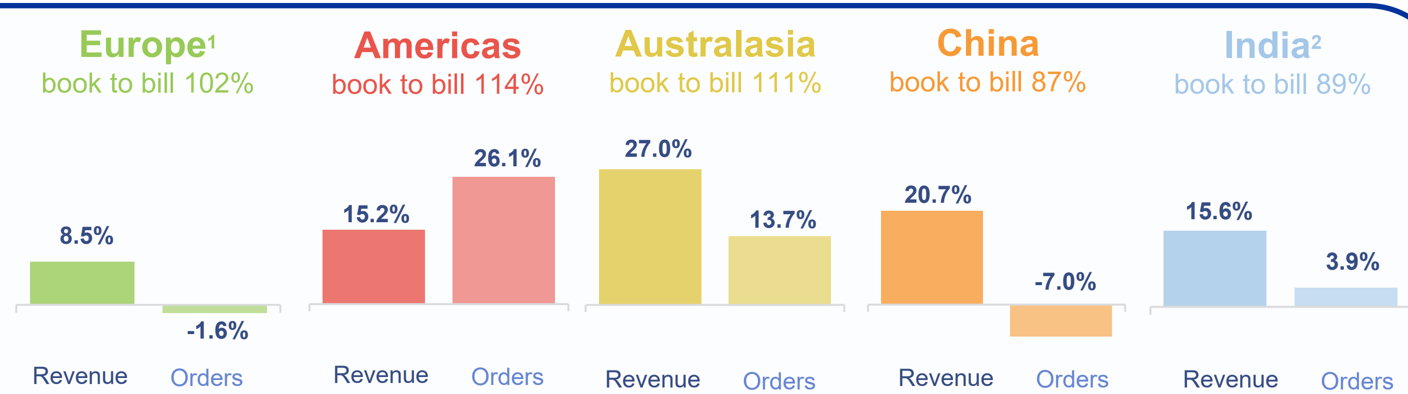
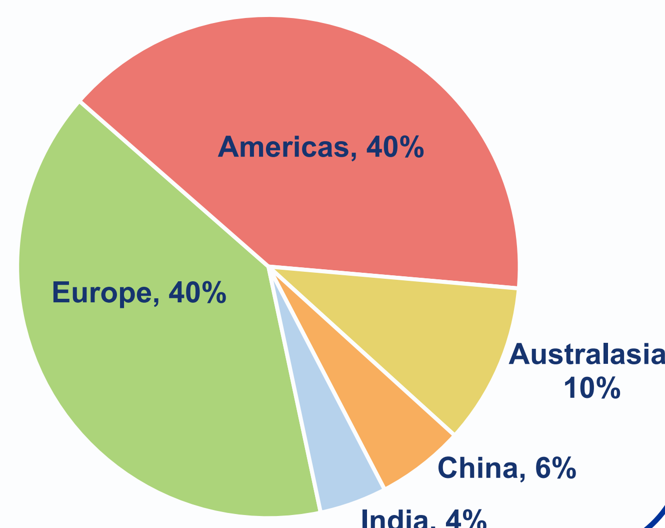
HY23 v HY22

Revenue: +13.8%
Orders[1]: +10.6%



Record closing orderbook; £99.0m at HY23

Proportion of Group revenue by region



[1] European orders have been normalised to exclude the £11.0m long term military contract
[2] India site was closed during May 2021 due to the Covid-19 pandemic

Note: External revenue and orders for key territories based on data to 30 September 2022 and 30 September 2021
Data combines Chain & Torque Transmission divisions using constant exchange rates

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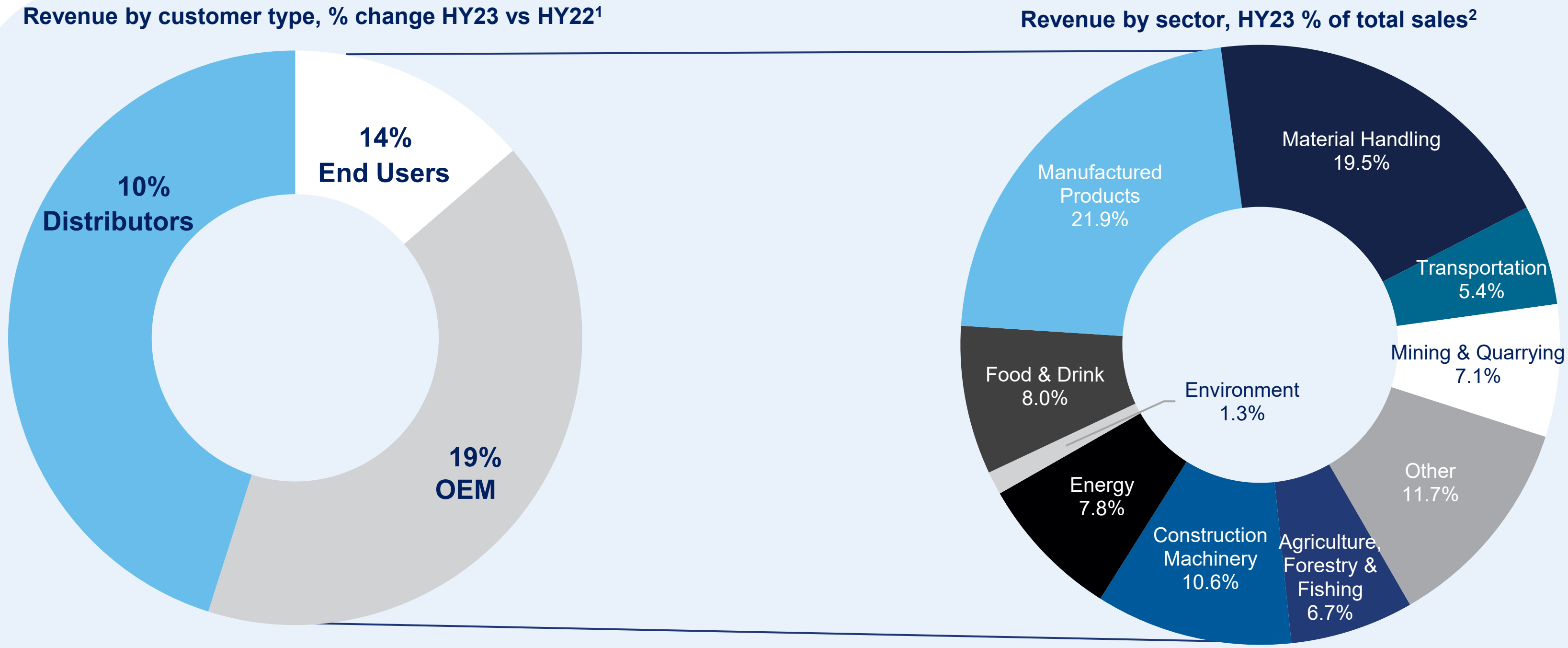
Revenue by sector and customer type



[1]At constant exchange rates [2]Analysis excludes distribution sales

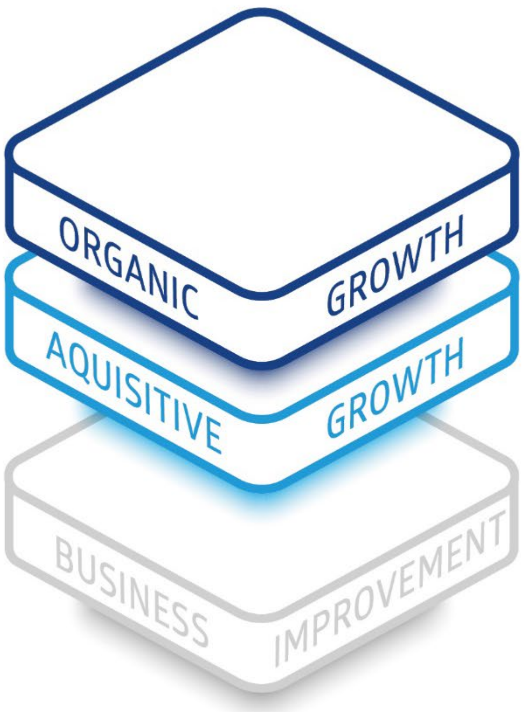
- Revenue increasing across all customer types and sectors
- Closing order book continues to be a record high
- Highest sales growth in the European manufactured products and Australian mining and quarrying sectors
- Return of End User demand, particularly in Europe and North America

Renold benefits from significant geographic, customer and sector diversity

STEP2: Growth

RENOLD

A leading premium supplier of high specification, sustainable, Industrial Chain and Torque Transmission products that facilitate others to achieve complex operational needs more reliably and with lower total cost of ownership. Our products whilst critical are a small part of the total cost.



- Premiumisation – superior products, sustainability, development, engineered lower tiers
- Service – service centres, industry leading
- Focussed approach to applications, markets & geography
- Proactive commercial development

- Accelerate growth, use our international footprint, management capabilities, re-equipped factories for synergies
- Product or sector
- Geography – infill, service centres
- Consolidation

- Standardisation – product, component, process, technology
- Continued investment in Service, production equipment & capability, products, people
- Exploitation of new business systems platform
- Removal of operational complexity
- Overhead minimisation & flexibility

Objectives

- Organic GDP + revenue growth
- Annual net cash generation
- Operating profit margin expansion
- EPS growth

Renold, 2nd largest in the global Chain market, strong brand, less than 10% market share. International footprint with no dependency on any geography, customer, product or application. International supply chain and manufacturing footprint.

Well placed to achieve growth

Acquisitions

Renold is positioned well to pursue acquisition opportunities, with a strong management team and good availability of financing. Our reputation, broad product range and geographic reach provide a strong foundation for integration.

Industrias Yuk, S.A. – completed August 2022

Established in 1964, YUK is a Valencia-based manufacturer and distributor of high quality conveyor chain ("CVC") and ancillary products. Total cash acquisition cost of €24m (of which €4m deferred).

Key benefits of acquisition include:

- Considerably expands and strengthens European conveyor chain offering
- Substantially increases access to the Iberian chain market where we have historically been underrepresented, including the ability to sell our existing range of premium European TRC products into this market
- Enables sales of YUK products throughout our extensive existing European sales network
- Meaningful manufacturing synergies between YUK and our current international operations

Early trading is ahead of management expectations

Future outlook

Strong and active pipeline of acquisition opportunities, which:

- Are value-enhancing:
  - Increased geographical coverage
  - Expansion of our already diverse product and service range
- Increase throughput of existing Renold facilities; leveraging synergies
- Focus on our core Chain business

Well placed to pursue acquisition opportunities

Summary

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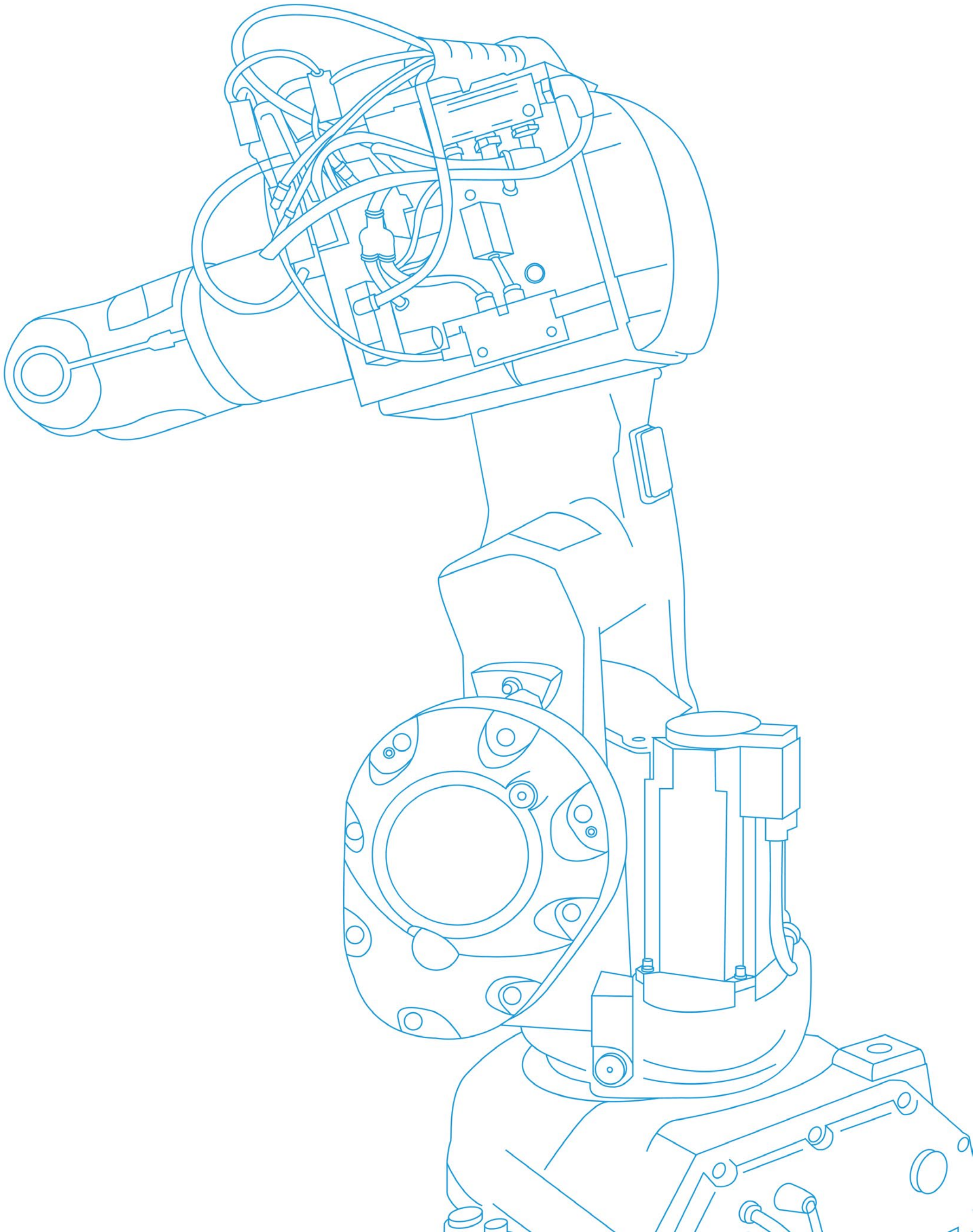
- STEP2 strategy is progressing well
- Successful acquisition of Industrias Yuk, S.A.
- Significant organic sales growth
- Continued record closing order book
- Strong EBITDA growth
- Adjusted EPS up 42%
- Effective management in an uncertain economic environment
- 8.3% return on sales; improving profitability despite significant cost inflation and global supply chain disruption
- Successful strategic investments; capital expenditure and expansion of distribution footprint
- Continued progress of business process improvement
- Well placed for future strategic acquisitions

Strong trading momentum, positioned for further growth

STEP2: Growth

Q&A



Appendices

Renold plc is the second largest industrial chain company in the world, and from it's global manufacturing footprint delivers to customers in over 100 countries worldwide

Renold Plc

- Sales in over **100** countries
- Employ over **1,800** staff worldwide
- Revenue of **£195m** in 2022[1]
- Adjusted operating profit of **£15.3m** in 2022[1]
- Market capitalisation of **c. £50m**

Chain

80% of Group Sales

- Global leader in the manufacture of industrial chains including:
    - Transmission chain
    - Conveyor chain
    - Tooth chain
- Reputation for quality recognised worldwide
- Supplied into diverse end customer markets

Torque Transmission (TT)

20% of Group Sales

- Supplier of specialist power transmission products including gearboxes, couplings and gear spindles
- Highly specialist products
- Niche applications
- Often supplied into major OEM customers in addition to specialist aftermarket service

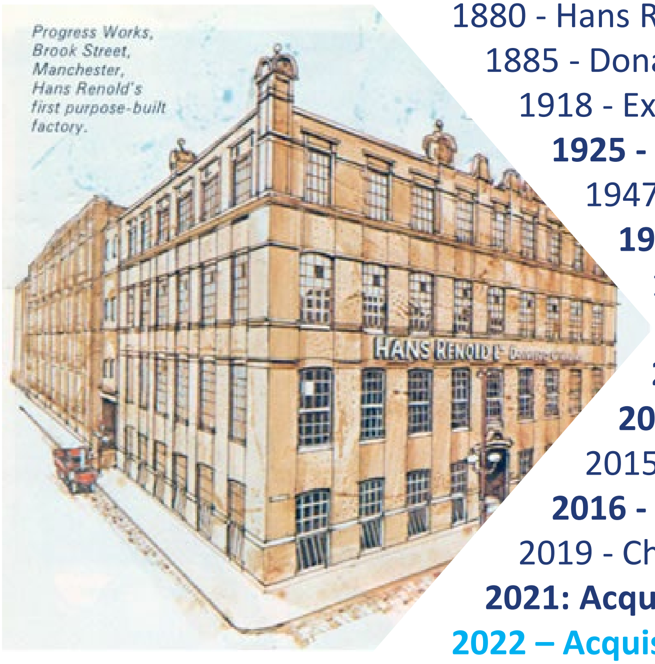
[1] *Financial year ended 31 March 2022*

Appendix – Our history

Renold is the oldest established transmission chain company in the world

- Renold is amongst the world's leading industrial brands
- 150 years of engineering know-how
- Providing premium products and engineered solutions that customers trust
- Second largest industrial chain manufacturer in the world with <10% market share

A history built by acquisition



1873 - Hans Renold, emigrates to Manchester, England from Switzerland
1880 - Hans Renold invents bush roller chain and an industry was born
1885 - Donates cycle chain design to world (and later the sprocket profile)
1918 - Extra strong chains for use on motor cycles
1925 - Acquisition of Brampton, France
1947 - Greenfield operation set up in Australia
1963 - Acquisition of Arnold and Stolzenberg, Germany
1975 - Renold introduces GP Motor Cycle Chains
2000 - Acquisition of Jeffrey Chain, USA
2007 - Acquisition of Shanshui Chain Co. China
2008 - Acquisition of LGB Chain, India
2015 - STEP 2020 strategic plan announced
2016 - Acquisition of Aventics Tooth Chain, Germany
2019 - Chinese factory relocated to Jintan
2021: Acquisition of Brooks conveyor chain business
2022 – Acquisition of Industrias Yuk, S.A.
2022 – STEP2: Growth strategic plan announced

Appendix – Our operating locations

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Renold has a truly global footprint, with major manufacturing in Europe, North America, Asia and Australia

Westfield
Products manufactured:
- Couplings and gear spindles
- Sales channel for UK manufactured gearboxes and couplings

Milnrow
Products manufactured:
- Specialist manufacturer of gearboxes
- Particular strength in worm-gear products

Cardiff
Products manufactured:
- Industrial couplings
- Hi-Tec couplings
- Couplings for difficult applications

Jintan
Products manufactured:
- High volume transmission chain
- Fork lift truck / Leaf chain
- Standard conveyor chain

Morristown
Products manufactured:
- Conveyor chain
- Large pitch transmission chain

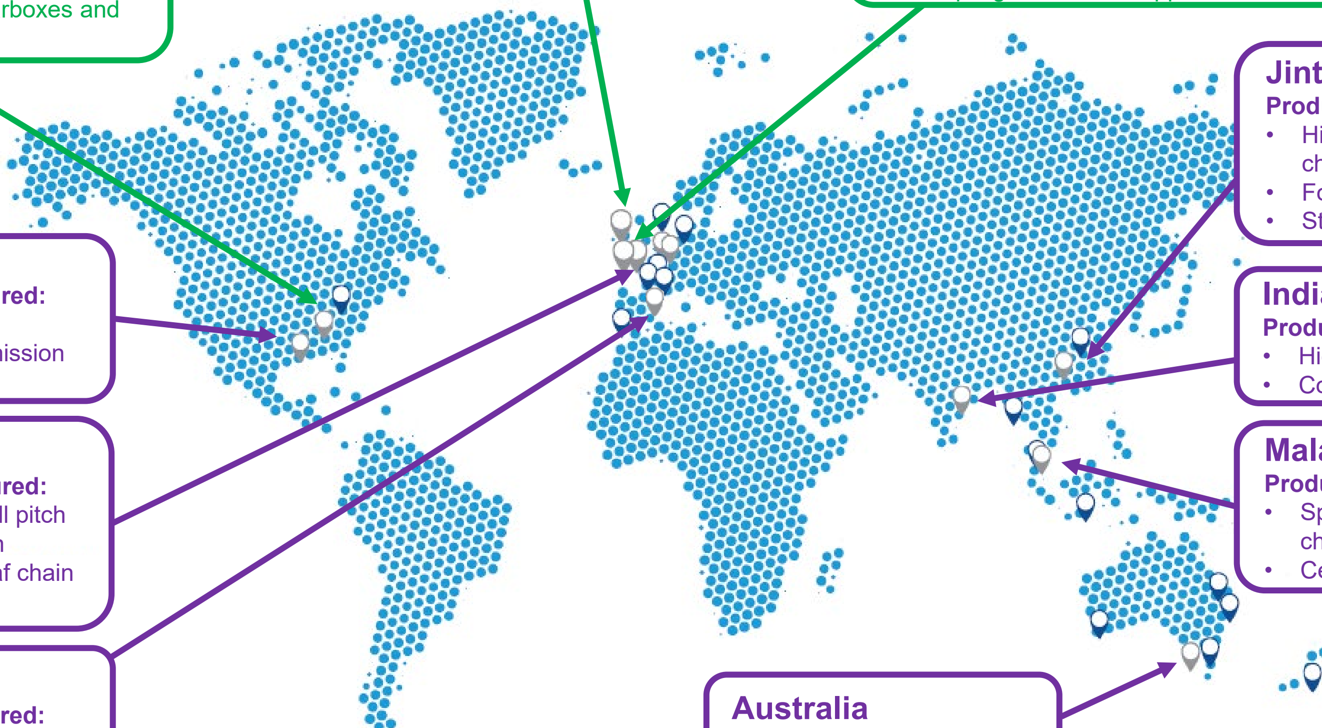
India
Products manufactured:
- High volume roller
- Conveyor chain

Einbeck
Products manufactured:
- High volume, small pitch transmission chain
- Fork lift truck / Leaf chain
- Specials

Malaysia
Products manufactured:
- Specialist sector conveyor chains
- Cement and Palm Oil

YUK
Products manufactured:
- Conveyor chain

Australia
Products manufactured:
- Conveyor chain



Map key:
Manufacturing and sales company
Sales location

Chain / Torque Transmission

Appendix – Our customers

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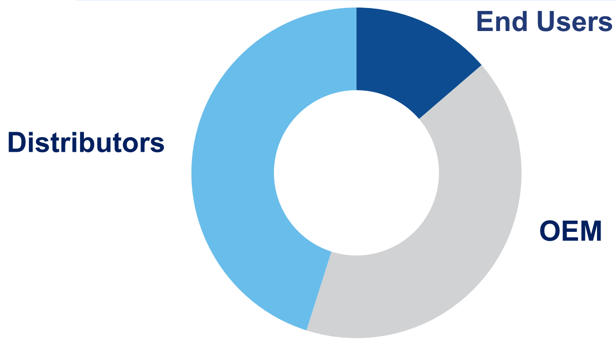
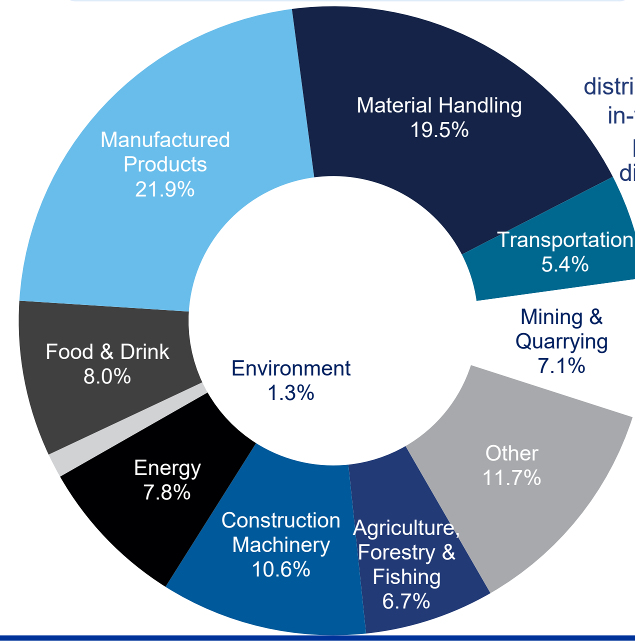
Revenue by customer type

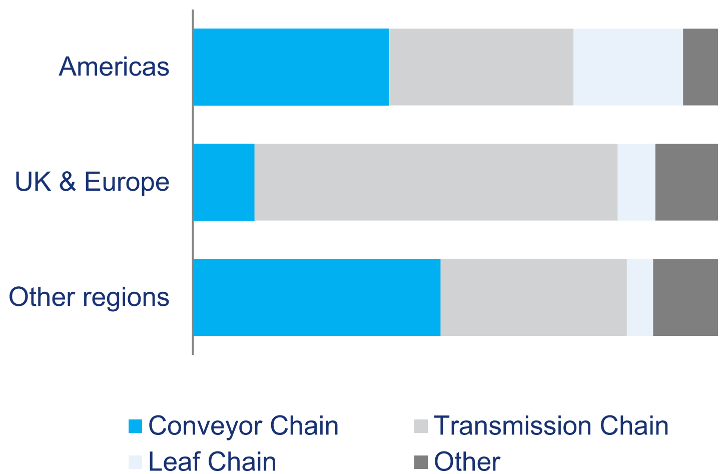


Revenue by sector

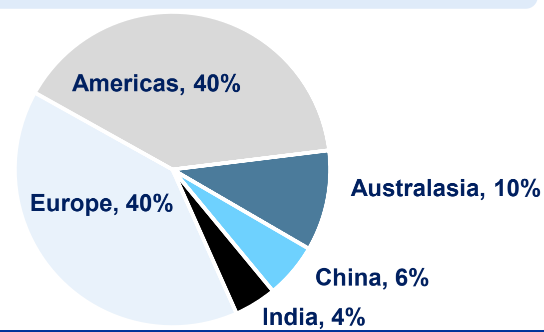


Excluding distributors who in-turn supply products to diverse end-customer sectors

Proportion of sales by product type



Proportion of Group revenue by region



Renold benefits from significant geographic, customer and sector diversity

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Distribution & Logistics

Recycling

Roller Coasters

Our applications are wide ranging, including both traditional and fast growing industries

- Products are used in many demanding, high-tech and cutting edge end applications
- Renold products are often a relatively low cost when compared to the customers final project costs, but they are critical to the performance of the entire system
- Renold is amongst the world’s leading industrial brands, with 150 years of engineering know-how, providing premium products and engineered solutions that customers trust

Military

Technology

Food Production

Metro Systems

Appendix - Renold market and product positioning

RENOLD

Valued and Recognised Brand and Engineering Expertise

With over 150 years of history, within its sectors, Renold is amongst the world's leading industrial brands providing premium products and engineered solutions that customers trust. Our products are specified by a significant number of OEM's and customers frequently ask for our products by name.

Broad Base of Customers and End-user Markets

Renold's products are used in an extremely broad base of final applications, market sectors, for both MRO and capital projects, resulting in a huge spread of customers and industries served. There is no customer or sector dependency. Our product range is second to none.

High Specification Products that Deliver Operational and Environmental Benefits

Our products are engineered and manufactured to class-leading specifications, delivering major benefits to customers:

- Longer life – reduced material and energy requirements, and improved efficiency
- Lower or no lubrication requirements – reduced contamination opportunity, lower cost to run
- Ability to operate in difficult or harsh environments
- Greater efficiency – reduced energy requirements

Global Market Position and Unique Geographical Manufacturing Capability

Renold is a global market-leading supplier of industrial chain and torque transmission products produced across the world utilising a unique manufacturing footprint. We are the second largest industrial chain company in the world with less than 10% market share in a highly fragmented market.

Relatively Low Cost but Critical Products

Renold products are often a relatively low cost when compared to the cost of the overall assembly or system of which they are part; but they are critical to the performance of the entire system. The consistent, reliable performance of our class leading products for over a century has demonstrated to customers the value proposition we offer both in MRO and OEM markets.

Appendix – Strategic initiatives

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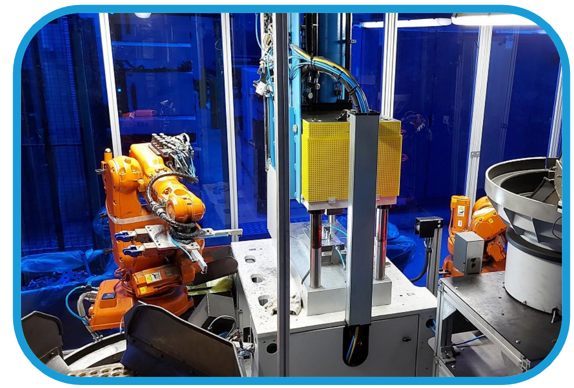
Standardisation

- One of our most important work streams… Products, Processes, Components, Systems
- Increasing efficiency/productivity
- Continued enhancement of Group business systems capabilities

Service

- Improving flexibility between manufacturing locations
- Don’t match the market, lead it
- Sales growth; new business and reduced churn



Cash Generation

- Strong operational performance and “intelligent” pricing
- Working capital control
- Stable overheads

Growth

- Focussed approach to applications, markets and geographies
- Superior and sustainable products
- New service centre locations

Positioned to take advantage of growth opportunities

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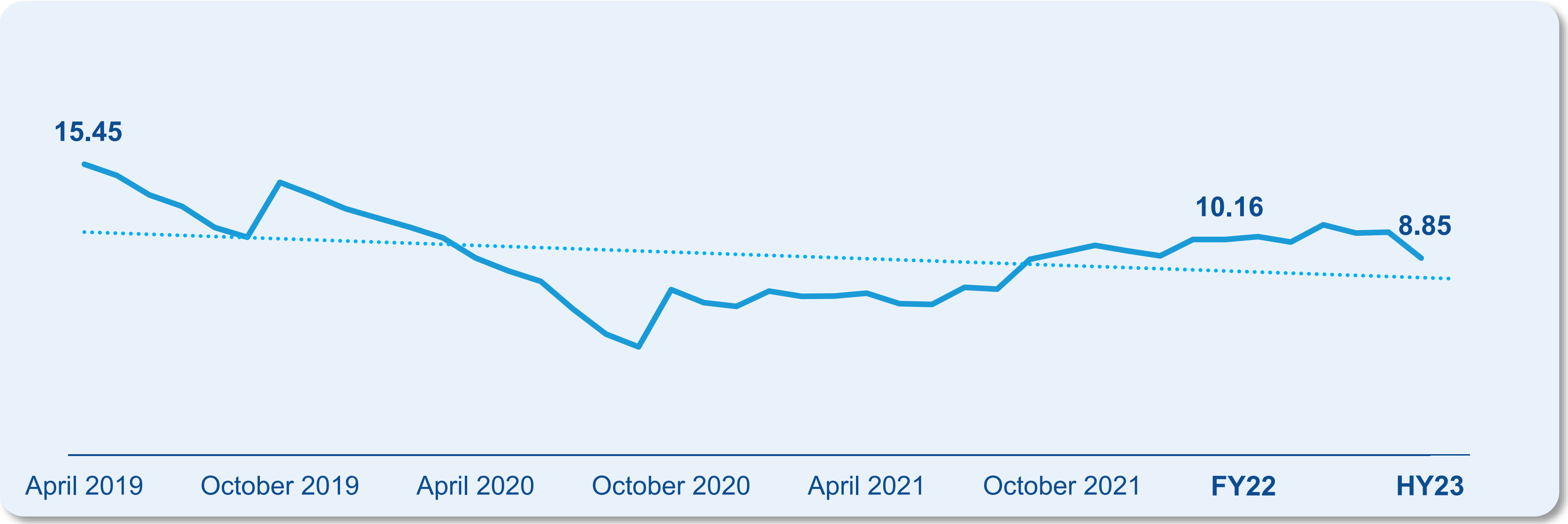
Lost time accident frequency rate



- We are committed to providing a safe workplace
- Accident reporting continues to be key agenda for all Board and Executive meetings
- All accidents are thoroughly investigated and lessons learnt are shared throughout the Group
- Continued drive to increase near miss reporting and the sharing of good practice
- Regaining the positive momentum we built in previous years

Health, safety and wellbeing is our number one priority

Appendix – Sustainability: Strategy

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"We believe that the focus on sustainability, as well as being the right thing to do, will contribute to lasting economic success."

A few "top down" group-driven projects delivering in critical areas

Sustainability Progress

Local sustainability roadmaps identifying locally relevant projects and driving employee engagement

- Environmental sustainability
  - Reduced emissions intensity
  - Energy, packaging and chemical projects
- Customer sustainability
  - Lubrication and lower emission projects
  - Renold chain = Less power usage = Kinder to the environment
- Community sustainability
  - Vaccination clinics and Food Drive
  - Renold natural disaster fund
- Governance sustainability
  - Business integrity and ethics
  - Our values

Phased action plan: realistic, ongoing, proportionate, manageable, scalable, delivers real & lasting outcomes

Positively making a difference with real sustainable improvements

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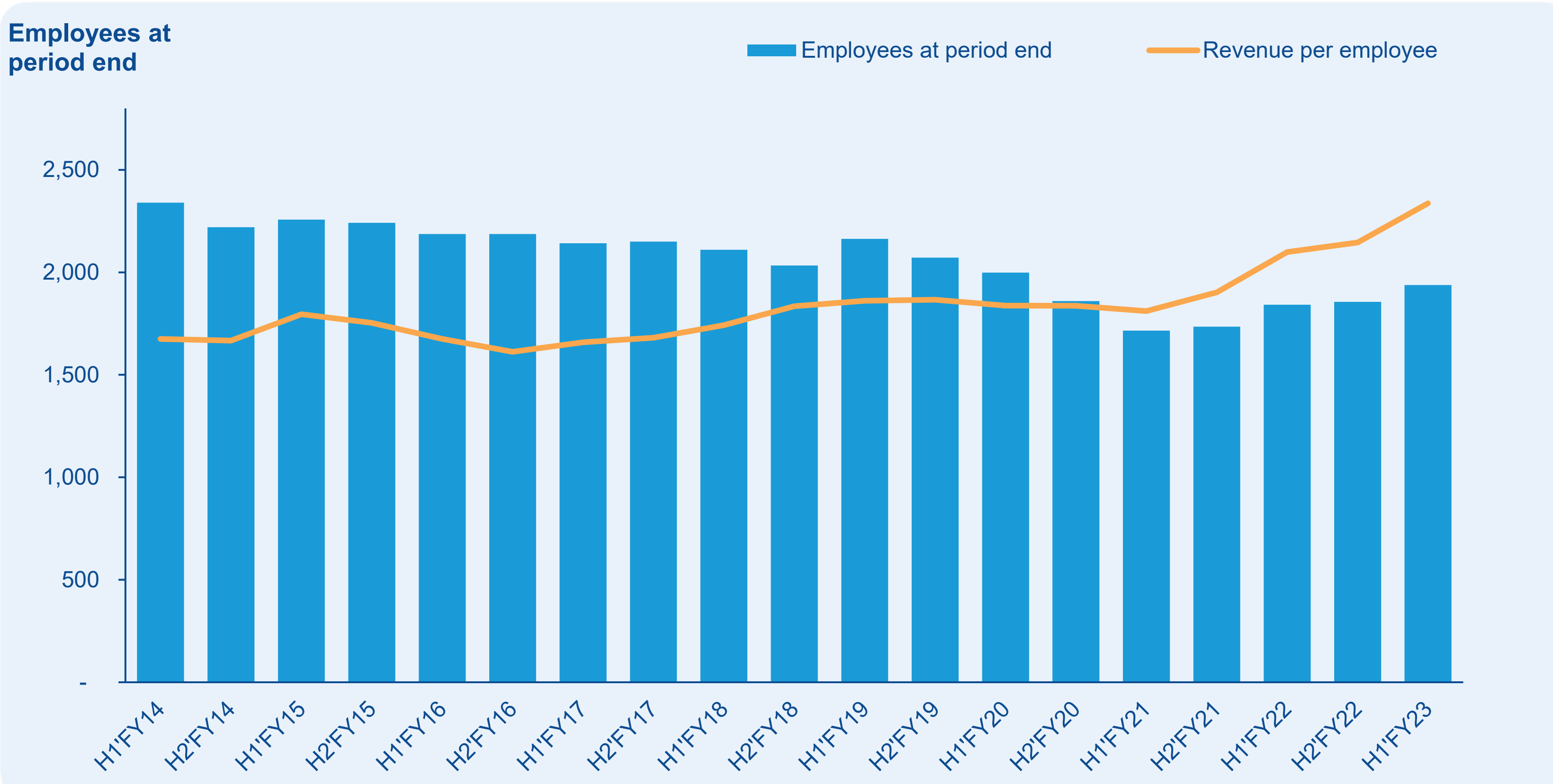
Revenue per employee, constant exchange rates



Liquidity

- Access to sufficient liquidity via £61.5m multi-currency revolving credit facility maturing in March 2024
- The Group continues to have clear headroom on all covenants

Covenants	At 30 September 2022
Net debt/EBITDA[1]: Max 2.5x	1.4
Interest cover: Min 4.0x	10.0

[1]Net debt/EBITDA calculated in accordance with the Group's banking agreement; this differs to the quoted leverage ratio following the adoption of IFRS 16

Currency

- Every US dollar cent worth c.£35k of adjusted operating profit
- Every Euro cent worth c.£30k of adjusted operating profit

Analysis by currency, 6 months ended 30 September 2022

Taxation

- Effective tax rate of 26.2% (HY22: 16.4%)

Clear covenant headroom

Appendix – Income statement

RENOLD

	HY23 £m	HY22 £m	Var £m
Revenue	**116.3**	95.3	21.0
Operating profit	**8.8**	8.7	0.1
Pension scheme financing charges	**(1.0)**	(0.9)	(0.1)
External financing charges	**(0.9)**	(0.6)	(0.3)
Interest on lease liabilities	**(0.2)**	(0.2)	-
Other financing costs	**(0.2)**	(0.3)	0.1
Profit before tax	**6.5**	**6.7**	**(0.2)**
Taxation	(1.7)	(1.1)	(0.6)
Profit after tax	**4.8**	**5.6**	**(0.8)**
Basic EPS	**2.3p**	2.6p	

Appendix – Balance sheet

RENOLD

	HY23 £m	FY22 £m	Var £m
Goodwill	30.0	22.7	7.3
Intangible assets	10.3	5.1	5.2
Fixed assets	57.3	49.3	8.0
Right-of-use assets	17.6	8.0	9.6
Deferred tax	3.2	10.0	(6.8)
Inventories	70.8	48.4	22.4
Receivables	43.5	35.7	7.8
Payables	(63.7)	(48.5)	(15.2)
Working capital	**50.6**	**35.6**	**15.0**
Net debt	(34.0)	(13.8)	(20.2)
Lease liabilities	(21.4)	(12.0)	(9.4)
Provisions	(4.0)	(4.0)	-
Retirement benefit deficit	(61.3)	(87.1)	25.8
Current tax (liability)/asset	(3.1)	(2.8)	(0.3)
Other	(8.2)	(5.2)	(3.0)
Net (liabilities)/assets	**37.0**	**5.8**	**31.2**
Leverage ratio[1]	**1.2 times**	**0.5 times**	

[1]Leverage is calculated as net debt / adjusted EBITDA