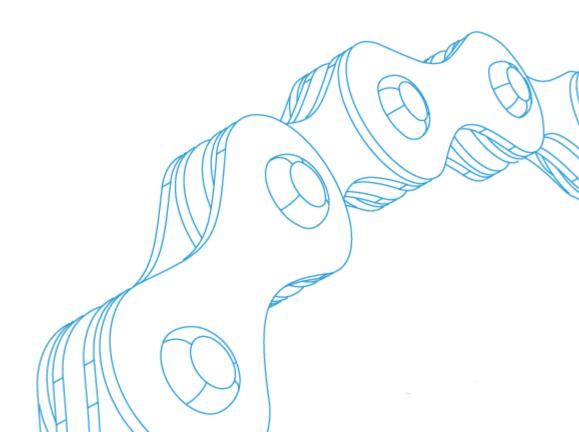
RENOLDResilience by design

Full Year Results

Year ended 31 March 2021



"A resilient full year performance"

Financial highlights

- Strong cash generation, net debt at £18.4m; c.50% improvement
- Resilient adjusted operating profit margin 6.8% (2020: 7.1%)
- Adjusted operating profit of £11.2m (2020: £13.4m)
- Order intake improving, with closing order book c.10% ahead of 2020
- Adjusted EPS 2.0p (2020: 2.9p); Basic EPS 1.7p (2020: 1.5p)
- Revenue impacted by Covid-19 pandemic; -12.7% YoY (-11.9% constant) exchange rate) compared to -8.5% Q4 YoY (-5.5% constant exchange rate)

"Successful execution in a challenging environment"

Business highlights

- Careful and responsible management have delivered an increasingly flexible Group, ready to capitalise on recovery
- Covid-19 situation mixed; Europe, Americas and China recovering strongly, whilst India and SE Asia recently impacted by new variant
- Swift decision making and cost discipline mitigated sales reduction, despite significant material cost pressures and supply chain disruption
- New Chinese factory progressing well
- Leverage remains low, increased cash generation allows for acquisitions and strategic capital investment
- Major restructuring complete; opportunities for acquisitions







				Constant exchange
	2021	2020	Change	rates
	£m	£m	%	%
Revenue	165.3	189.4	-12.7%	-11.9%
Adjusted operating profit	11.2	13.4	-16.4%	-14.5%
Adjusted operating profit margin	6.8%	7.1%		
Profit before tax	5.9	4.9	+20.4%	
Effective tax rate	35.6%	30.6%		
Adjusted EBITDA	21.4	23.9	-10.5%	
Adjusted EBITDA margin	12.9%	12.6%		
Net debt	18.4	36.6	c.50% in	provement
Adjusted EPS from continuing operations	2.0p	2.9p	-31.0%	
Basic EPS from continuing operations	1. 7 p	1.5p	+13.3%	

- Significant revenue impact of Covid-19 pandemic, down 12.7%
- Resilient adjusted operating profit margin declining just 30bps
- Adjusted EBITDA margin improved despite significant revenue headwind
- Net debt reduced by c.50% (£18.2m), to £18.4m

Strategy has delivered a lower cost base and a more flexible business

Financial review - Divisional summary



Chain

				Constant exchange
	2021 £m	2020 £m	Change %	rates %
Revenue	130.0	149.0	-12.8%	-12.0%
Adjusted operating profit Adjusted operating profit margin	13.3 10.2%	13.8 9.3%	-3.6%	-2.2%

- Cost base demonstrating flexibility
- Previous investment and strategic projects delivering strong profit growth, particularly in China

Torque Transmission

				Constant exchange
	2021	2020	Change	rates
	£m	£m	%	%
Revenue	39.1	46.1	-15.2%	-14.3%
Adjusted operating profit	5.0	5.3	-5.7%	-3.8%
Adjusted operating profit margin	12.8%	11.5%		

- TT later cycle business
- Strong margin improvement in Gears business
- Planned long term contract phasing
 - US Government support

Head office

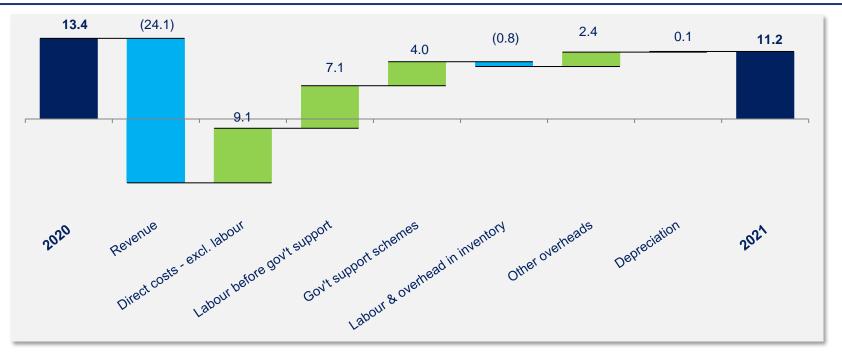
	2021	2020
	£m	£m
Intersegment revenue elimination	(3.8)	(5.7)
Adjusted head office costs	(7.1)	(5.7)

- Non-recurrence of prior year credit, offset by cost reduction actions
- Legacy enviro charge

Improved productivity and operational efficiency delivered a resilient margin



Adjusted operating profit bridge, £m



- Material costs reduced in line with activity, despite significant raw material cost pressure
- Destocking resulted in expense of capitalised labour and overhead, with labour costs flexed to compensate
- Government support schemes allowed labour to be aligned with activity, avoiding some restructuring actions
- Discretionary overhead spend curtailed

Strategy to build flexible cost base clearly evident



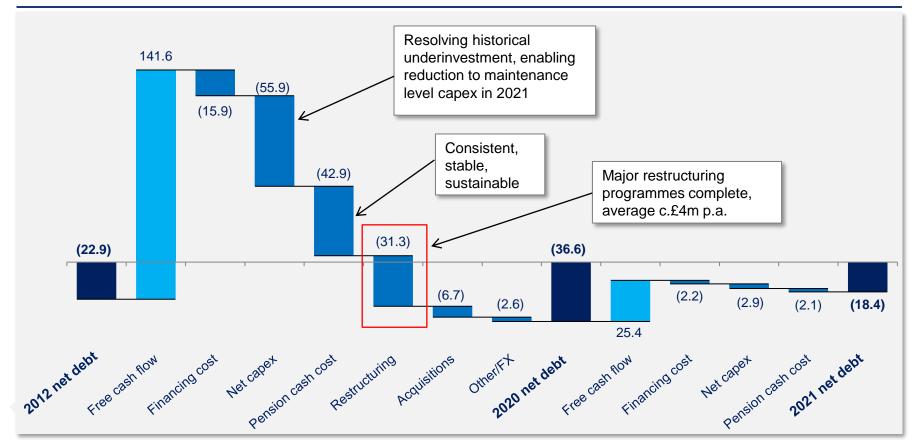
	2021	2020		
	£m	£m		
Adjusted operating profit	11.2	13.4		
Depreciation and amortisation	10.2	10.5		
Adjusted EBITDA	21.4	23.9	Γ	On a notice at a solu
Movement in working capital	6.4	(5.3)		Operating cash
Net Capital expenditure	(2.9)	(9.1)	>	conversion 222% (2020: 71%)
Operating cash flow	24.9	9.5		(2020. 7 1 /0)
Income taxes	0.7	(1.6)		
Pensions cash costs	(2.1)	(4.4)		
Restructuring spend	(0.2)	(0.9)		
Repayment of principal under lease liabilities	(3.2)	(3.3)		
Financing costs paid	(2.2)	(2.9)		
Purchase of Subsidiary / MI	_	(1.8)		
Other movements	0.3	(0.9)		
Change in net debt	18.2	(6.3)		
Opening net debt	(36.6)	(30.3)		
Closing net debt	(18.4)	(36.6)		

- Significant reduction in net debt of £18.2m to £18.4m at March 2021
- Working capital reduction delivered; driven by £8.4m of inventory reductions
- Capex reduced to maintenance level; enabled by focused investment programme over recent years
- UK Pension scheme contributions deferred due to strong alignment with Pension Trustee
- Major restructuring initiatives completed in the prior year

Strong cash generation



2012 to 2021 Cash allocation, £m



Strong improvement in cash generation combined with completion of restructuring spend creates further strategic opportunities

Financial review – Cash flow summary

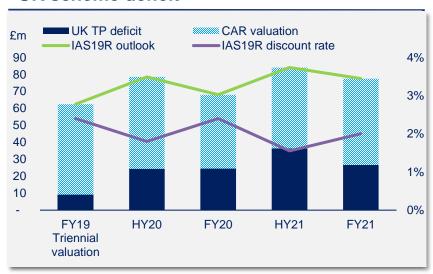


- Cash generative and profitable despite the significant pandemic headwind; clear benefit of previous structural initiatives to increase the flexibility of cost base
- Strong cash generation resulted in a £18.2m reduction in net debt and a rapid improvement in operating cash conversion
- The Group complied with the original and revised banking covenants throughout the period
- Leverage remains low, and increased cash generation allows for future acquisitions and strategic capital investment

The transformed Group is cash generative and has the flexibility to move forward with the strategy



UK scheme deficit



Pension cash costs, £m



Cash costs include pension administration costs which are already included within operating profit (2021: £0.5m)

- UK scheme IAS19R deficit of £77.5m
- Increase from the prior year is driven by discount rates, despite strong asset returns in the year and change in mortality assumptions
- The Group has a 25-year deficit reduction agreement (starting FY14) providing longterm visibility of cash contributions

Despite swings in the balance sheet deficit, pension cash costs remain stable, predictable and sustainable

- Latest triennial review April 2019; UK scheme TP deficit of £9.1m vs IAS19R equivalent of £62.4m
- Strong alignment with UK Pension Trustee allowing temporary deferral of 2021 contributions
- Schemes remain in stable position

Sustainable and stable pension cash flows





Market dynamics

Revenue

-14.8%





(book to bill 102% 1.5 shutdown weeks)

Orders

-9.8%

+39.7%

+6.2%

Europe

(book to bill 103% 1.5 shutdown weeks)

India

(book to bill 136% 5 shutdown weeks)

China

(book to bill 92% nil shutdown weeks)

Australasia

(book to bill 98% nil shutdown weeks)



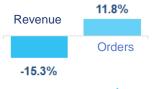
Group Revenue: -11.9%

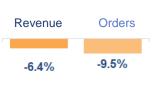
Orders: -6.5%

YTD Jun 21 **Group Orders:**

vs Jun 20 +49.1% vs Jun 19 +11.7%







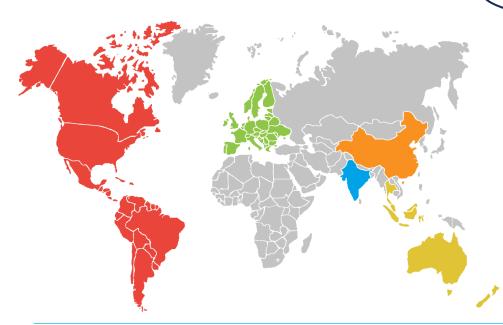




74.6%* -19.4%

+60.3% +8.6% +57.0% +13.4%

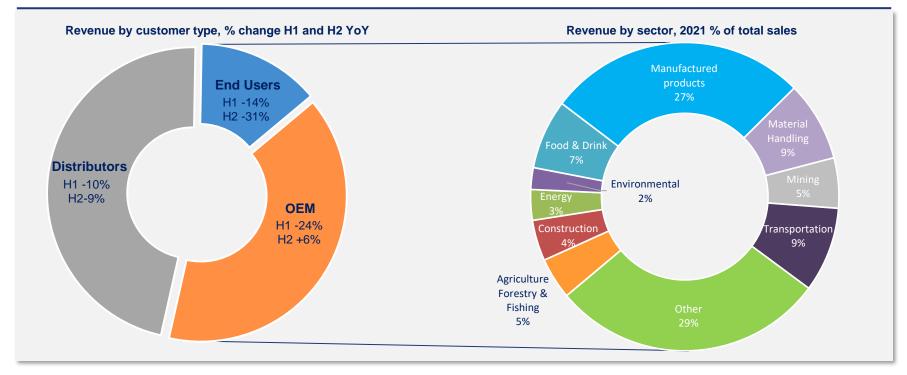
Order intake recovering throughout the year, and now improving beyond prior year levels







Revenue by sector and customer type



- Order intake increasing significantly; constant exchange rate closing orderbook up c.10% YoY
- OEM and Distributors showing H2 improvement
- Progressive recovery in order intake for Chain, especially in Americas

Renold benefits from significant geographic, customer and sector diversity

The Pandemic and Beyond



"Covid-19 situation mixed; Europe, Americas and China recovering strongly, whilst India and SE Asia impacted by new variant"

Actions:

- Sustainable approach to cost control; ongoing reduction in cost base partially offsets the ending of government support packages
- Covid recovery leading to material inflation and supply chain pressure; passed through in sales price increases
- Business transitioning to programme of growth whilst being cautious about the global backdrop
- Continual productivity improvements still possible across the business
- Investment recommencing; increasing capital expenditure from maintenance level
- Taking a balanced approach to managing the business through the Covid-19 related disruption
- Strong recovery across the Group despite recent challenges in India and SE Asia

Renold is well placed to take advantage of economic recovery

Chain – Performance summary



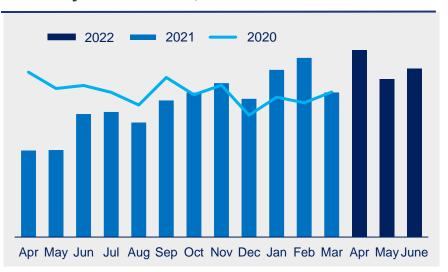
			Constant exchange
	2021	2020	rates
	£m	£m	%
Revenue	130.0	149.0	-12.0%
Adjusted operating profit	13.3	13.8	-2.2%
Adjusted operating profit margin	10.2%	9.3%	
Adjusted EBITDA	19.8	20.6	
Adjusted EBITDA margin	15.2%	13.8%	

- Cost base demonstrating flexibility
- Previous investment and strategic projects delivering strong profit growth, particularly in China
- Strong revenue and margin growth in Australia and SE Asia
- 2021 order intake -7.9%; June 21 YTD order intake +28.3% vs 2021 average

Revenue and adjusted EBITDA margin %



Monthly order intake, £m



Business improvements enable further margin enhancement and a strong platform for growth

Torque Transmission – Performance summary



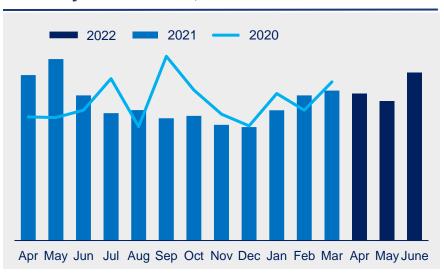
		Constant exchange	
	2021	2020	rates
	£m	£m	%
Revenue	39.1	46.1	-14.3%
Adjusted operating profit	5.0	5.3	-3.8%
Adjusted operating profit margin	12.8%	11.5%	
Adjusted EBITDA	6.9	7.3	
Adjusted EBITDA margin	17.6%	15.8%	

- TT later cycle business, order intake starting to recover
- Non-recurring £0.8m US gov't support
- Planned revenue drop of £0.6m due to multi-year contract
- Increased margins in Gears business
- 2021 order intake -0.8%; June 21 YTD order intake +10.0% vs 2021 average
- £11m long term military contract received in July 2021, not included in the graph below

Revenue and adjusted EBITDA margin %

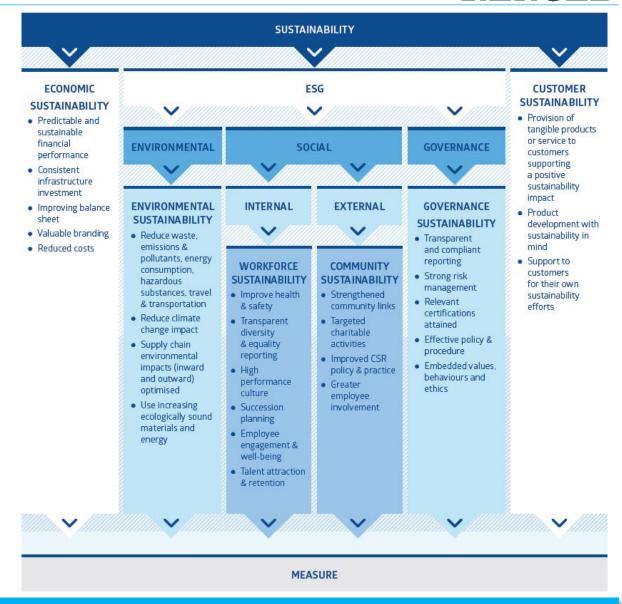


Monthly order intake, £m



Later business cycle now entering growth phase

"We will strive to act responsibly balancing the expectations of all our stakeholders whilst reducing our impact on the environment and increasing our contribution to the communities we operate within."



Renold will make Sustainability a guiding principle



Assessment of current status

Enviro	Environmental	Social Sustainability		Governance	Economic	Customer
	Sustainability	Internal	External	Sustainability	Sustainability	Sustainability
2021 current status assessment	Compliance level	Engaged level	Engaged level	Progressive level	Engaged level	Engaged level
Opportunity offered: 1 (low) – 10 (high)	8	5	5	3	6	8

Renold has appointed a Sustainability Program Leader who is responsible for the development and delivery of the sustainability agenda.

Areas of focus include:

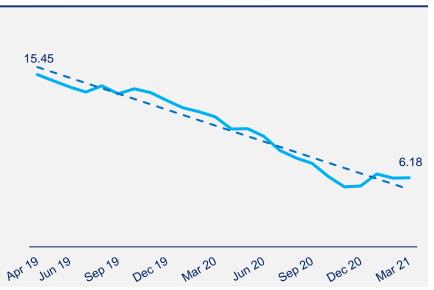
- Development of a clear energy strategy, with unambiguous and meaningful energy reduction targets
- Further enhancement our products sustainable attributes
- Formal measurement and evaluation of our progress towards becoming a more sustainable business

Focus on sustainability will contribute to lasting economic success



"Significantly improving our health and safety performance remains a key Strategic Objective and all Renold's locations across the world operate against a Group Health and Safety Management Framework."

Lost time accident frequency



Accident trend



- Accident reporting continues to be key agenda for all Board and Executive meetings
- Key management focus resulting in accident occurrence and severity reducing
- Regular review and internal framework audits

Health and Safety is our number one priority, and we are committed to providing a safe workplace



Capital expenditure and manufacturing capabilities:

- Upgrading existing facilities in India and China to build higher specification products
- Development of local Service Centres to provide higher service levels at lower costs
- Standardising manufacturing capabilities, products and components, increasing efficiency/productivity
- Geographic diversification; improving flexibility between manufacturing locations, especially in light of customer supply chain diversification and changing tariff environment
- Investment in North American heat treatment facilities, gaining significant cost savings and enabling increased energy efficiency and reduced carbon emissions

Commercial development:

- Relentless drive for higher specification products
- Continued development of sustainable Transmission Chain products
- Focused development of specific markets or niches
- Drive to increase Solution Chain range
- Build on core TT capabilities and products



Increased flexibility and route to improved margins



- Accelerate growth in "sticky" product markets
- Increase top line, delivering greater returns
- Enable growth in adjacent sectors
- Entry into new sectors or geographies
- Capitalise on production synergies from acquired businesses



Major restructuring complete; opportunities for acquisitions

Summary

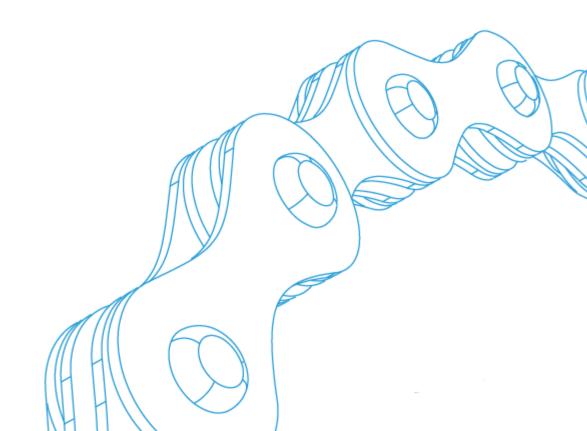


- We continue to prioritise our employees' safety; as the pandemic declines in a number of territories we want to be part of the economic rebuilding process
- Whilst Covid is reducing in many countries, there remain areas badly affected. Supply chains are under pressure, leading to material price inflation
- Strong cash generation, £18.2m (c.50%) reduction in net debt
- Resilient profitability and margins; a robust result even with the pandemic headwind
- Ongoing lower cost base offsets withdrawal of government support: volume growth is an opportunity
- Improved productivity and operational efficiency enables further margin enhancement
- Strong platform for growth as demand recovers, order book is strong
- Leverage remains low, and increased cash generation allows for future acquisitions and capital investment

We are emerging from the pandemic in a good position to deal with any continued headwinds and to take advantage of the strongly rebounding global economy

Resilience by design:

Q&A







Introducing Renold



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 are an international Group operating across two divisions; Chain and Torque Transmission
- Our annual turnover typically exceeds £185m, and we have 1700 employees worldwide
- Our Chain division is a market leading supplier of transmission, conveyor and lifting chain, whilst Torque Transmission manufacture and develop industrial couplings and gearbox solutions
- Our products are used in many demanding, high-tech and cutting edge end applications. This can range from automated warehousing systems to assembly of the latest model vehicles, from power stations to escalators and from essential food manufacturing to rollercoaster rides
- 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
- Around 40% of our Group revenue is generated in Europe and Americas respectively. The remaining 20% is spread across Australasia, China and India
- Whilst we are the second largest industrial chain manufacturer in the world, we have <10% market share
- Renold is amongst the world's leading industrial brands, with nearly 150 years of engineering knowhow, providing premium products and engineered solutions that customers trust



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
- Greater efficiency reduced energy



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 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.



- Access to sufficient liquidity via £61.5m multi-currency revolving credit facility maturing in March 2024
- As reported in June 2020 the covenant tests for the Group's core banking facility were amended to accommodate the potential trading impact of the Covid-19 pandemic, providing increased flexibility and headroom

Covenants	At 31 March 2021	
Net debt/EBITDA1: Max 3.5x	1.0	Reverting to max 2.5x from September 2021
Interest cover: Min 3.0x	10.9	Reverting to min 4.0x from September 2021

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

Clear covenant headroom



	2021	2020	Var
	£m	£m	£m
Revenue	165.3	189.4	(24.1)
Adjusted operating profit	11.2	13.4	(2.2)
Restructuring costs	_	(2.4)	2.4
Amortisation of acquired intangible assets	(0.7)	(0.9)	0.2
Operating profit	10.5	10.1	0.4
Pension scheme financing charges	(2.2)	(2.2)	_
External financing charges	(1.6)	(2.1)	0.5
Interest on lease liabilities	(0.5)	(0.5)	-
Other financing costs	(0.3)	(0.4)	0.1
Profit before tax	5.9	4.9	1.0
Taxation	(2.1)	(1.5)	(0.6)
Discontinued operations	` -	(1.5)	1.5
Profit after tax and discontinued operations	3.8	1.9	1.9
Adjusted EPS	2.0p	2.9p	
Basic EPS from continuing operations	1.7p	1.5p	



	2021	2020	Var
	£m	£m	£m
Goodwill	21.7	24.0	(2.3)
Intangible assets	6.1	8.0	(1.9)
Fixed assets	47.8	53.3	(5.5)
Right-of-use assets	10.1	11.3	(1.2)
Deferred tax	16.9	15.8	1.1
Inventories	37.7	46.1	(8.4)
Receivables	30.3	35.8	(5.5)
Payables	(31.5)	(37.6)	6.1
Working capital	36.5	44.3	(7.8)
Net debt	(18.4)	(36.6)	18.2
Right-of-use liabilities	(15.4)	(17.1)	1.7
Provisions	(1.4)	(0.7)	(0.7)
Retirement benefit deficit	(102.4)	(97.6)	(4.8)
Current tax (liability)/asset	(2.1)	0.5	(2.6)
Other	(5.5)	(5.6)	0.1
Net (liabilities)/assets	(6.1)	(0.4)	(5.7)
Leverage ratio ¹	0.9 times	1.7 times	

¹Leverage is calculated as net debt / adjusted EBITDA

Appendix – Currency and taxation



Currency

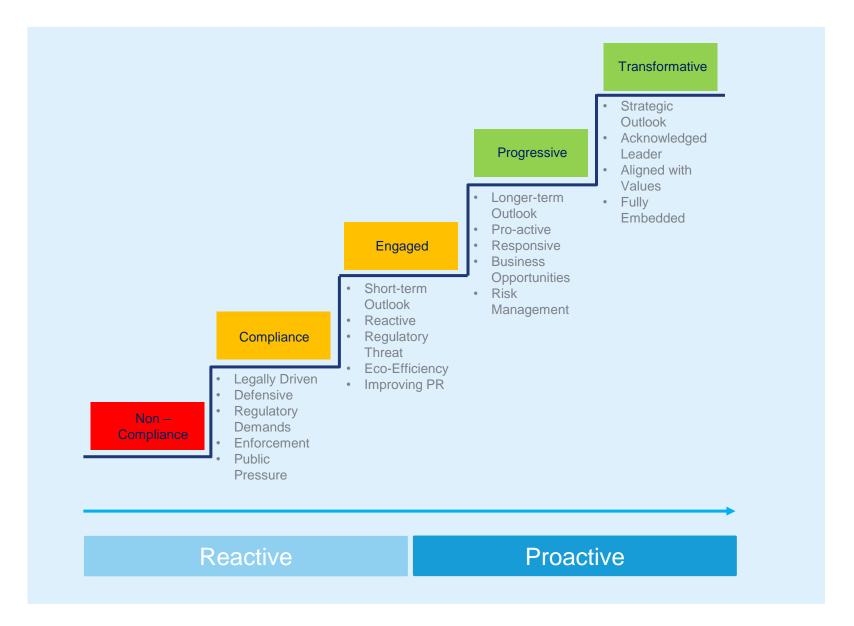
- Every US dollar cent worth c.£30k of adjusted operating profit
- Every Euro cent worth c.£50k of adjusted operating profit

Analysis by currency, 12 months ended 31 March 2021

Taxation

Effective tax rate of 36% (2020: 31%)







Revenue per employee

