

5 September 2023

**Renold plc**

("Renold", the "Company" or the "Group")

**AGM Trading Update**

Renold, a leading international supplier of industrial chains and related power transmission products, is pleased to provide a trading update covering the four months ended 31 July 2023 (the "Period") ahead of the Company's annual general meeting being held at 11.00 a.m. today.

The Board is pleased to report that the Group's financial performance in the first four months of the new financial year has been strong. Group revenue for the Period was £85.1m (FY23 equivalent £73.0m), a year-on-year increase of 16.6% at reported rates and 18.7% at constant exchange rates. Within this, YUK S.A. ("YUK"), acquired in August 2022, contributed £5.4m.

Order intake for the Period was £74.2m, a decrease of 2.7% (FY23 equivalent £76.3m), or a 1.0% decrease at constant exchange rates. YUK contributed £4.9m to order intake in the Period. The order book as at 31 July 2023 of £86.0m remains higher than historic levels. However there has been a normalisation of order intake following an improvement in global supply chains, with improvements to delivery times, allowing customers to reduce forward order placement as certainty of deliveries increase, leading to a reduction and shortening of the order book. The order book at 31 July 2023 represents a decrease of 13.6% over the record high position at the end of the previous financial year.

On the 1 September 2023, the Group acquired the trading assets of Davidson Chain PTY ("Davidson"), based in Melbourne, Australia, enlarging our already strong Australian Chain business by 26%. The Davidson acquisition demonstrates further strategic momentum, supplementing organic growth through high quality bolt-on acquisitions which can expand our geographic presence, grow our product offering and strengthen our market position in key end markets.

Net debt as at 31 July 2023 was £23.3m (representing 0.6x EBITDA<sup>1</sup>), a reduction of £6.5m (21.8%) from £29.8m as at 31 March 2023, reflecting the strong underlying cash generation of the business during the Period. Net debt at the half year (period ending 30 September 2023) is expected to increase, following the payment of £1.7m of deferred consideration relating to the YUK acquisition and the purchase consideration of £3.1m (AU\$6.0m) for Davidson. Additionally, the Group will bring forward the payment of the H2 pension contribution of approximately £2.6m, which enables efficiency gains in the investment portfolio.

Global markets continue to be uncertain, with ongoing labour cost inflation and material costs remaining high when compared to historic levels. Whilst there is a normalisation of demand in some of the Group's end markets, the Group retains strong order books which remain high by historical standards, despite a shortening of lead times, reducing the overall quantum.

As a result of the continued positive trading momentum, and an increase in activity from the recently announced Davidson acquisition, the Board now anticipates achieving results for the year ending 31 March 2024, higher than previously expected.

<sup>1</sup> Calculated as Net debt as at 31 July 2023/ Ebitda for the preceding 12 months taken from the Group management accounts.

**ENQUIRIES:**

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**NOTES FOR EDITORS**

Renold is a global leader in the manufacture of industrial chains and also manufactures a range of torque transmission products which are sold throughout the world to a broad range of original equipment manufacturers and distributors. The Company has a well-deserved reputation for quality that is recognised worldwide. Its products are used in a wide variety of industries including manufacturing, transportation, energy, steel and mining.

Further information about Renold can be found on the website at: [www.renold.com](http://www.renold.com)

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