

10 September 2024

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

### **Acquisition of MAC Chain Company Limited (USA and Canada)**

Renold, a leading international supplier of industrial chains and related power transmission products, is pleased to announce that it has acquired the trade and net assets of MAC Chain Company Ltd (U.S.) and the entire issued share capital of MAC Chain Company Limited (Canada), (together, "MAC Chain" or the "Acquisition") for a total cash consideration of US 31.4 million.

#### **Highlights**

- With operations in the Pacific Northwest of the USA, British Columbia, and Quebec, MAC Chain is a manufacturer and distributor of high quality conveyor chain ("CVC") and ancillary products, with a significant presence in the forestry and broader industrial markets.
- The Acquisition substantially increases the Group's access to the Western US and Canadian CVC markets, particularly forestry, which we have identified as a significant opportunity for the Group to expand into.
- When combined with Renold's existing US and Canadian operational footprint, the Acquisition presents opportunities for significant manufacturing synergies on integration into the enlarged Group.
- The MAC Chain management team, which brings many years of industry and market knowledge, will transfer to the Group following completion of the Acquisition, and continue to lead the MAC Chain business, joining Renold's North American management team.
- Following completion, the Acquisition is expected to immediately enhance Group adjusted earnings per share, as well as be accretive to the Group's operating margin.
- ROIC is expected to be above Renold's WACC in the first year of ownership.

#### **The Acquisition and Financial Considerations**

MAC Chain is being acquired on a cash free debt free basis, and will consist of an initial cash consideration of US 28.26 million, followed by two further cash payments of US 1.57 million, payable 12 months and 24 months from the anniversary of completion of the Acquisition. The total consideration for the Acquisition of US 31.4 million represents an acquisition multiple of c.7.5x twelve months to June 2024 EBITDA. Realising the initially identified hard synergies will result in the multiple reducing to 6.9x, in the initial year of ownership, reducing to well below 6.0x in subsequent years.

The Acquisition was funded utilising the Group's existing borrowing facilities. As at 31 March 2024, the Group's net debt to EBITDA multiple was 0.6x and following completion of the Acquisition, it is expected to be below 1.2x. With continuing expected strong cash generation, and following completion of the Acquisition, there remains sufficient facility headroom to execute the identified pipeline of further bolt-on opportunities.

MAC Chain reported revenue of US 25.8m for the twelve months ended June 2024, generating an EBITDA of US 4.2 million, and a PBT of US 3.5m. Tangible net assets acquired, are anticipated to be US 11.5m.

**Commenting on the Acquisition, Robert Purcell, Group Chief Executive of Renold, said:**

"We are delighted that MAC Chain is to join the Renold Group and that not only are we buying an excellent business, but also retaining the services of a very talented group of managers and employees. The acquisition of MAC Chain considerably expands and strengthens our North American Conveyor chain offering.

"MAC Chain is our third CVC acquisition in a little over 2 years and builds our momentum as we execute our deal pipeline. Reduced leverage has been driven by strong operational performance over recent periods, leading to a strong balance sheet and a conservative level of debt, allowing us to accelerate the growth of the business through complementary bolt-on deals."

*Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014), as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR") prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.*

*Over recent periods,*

**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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