



News service MAN Group

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RENK raises order intake, sales, and earnings

In an economically tough fiscal 2003, RENK succeeded in reversing the downswing evident until midyear by generating a strong H2 performance. Compared with the previous year, the key figures showed an improvement

Order intake climbed 6 percent to €324 million, sales by 5 percent to €267 million, and order backlog at Dec. 31, 2003, hit a new all-time high of €639 million. Both EBIT and EBT advanced to €22 million and €20 million, respectively.

Adjusted for the extraordinary result, EpS rose by 12 percent, from €1.56 in 2002, to €1.74 in 2003. It will be proposed to the annual stockholders' meeting to once again distribute a cash dividend of €1.20 per share for fiscal 2003. The stock repurchase option allowed by the stockholders' meeting was not exercised in 2003.

Order situation, workload

A large slice of **order intake** was accounted for by Vehicle Transmissions, which includes megaorders for tracked vehicles. Orders placed with Large Transmissions showed a strong resurgence, especially at the Augsburg location. Our advanced-technology marine gear units proved particularly successful. Due to the economy, demand at Drive Elements and Test Systems declined.

In terms of **sales**, Vehicle Transmissions was again predominant and achieved a sharp recovery after the series start-up problems plaguing business the year before. The remaining units, Drive Elements, Test Systems, and Large Transmissions, either equaled or were slightly short of the year-earlier figures.

Order backlog gained further, from €585 million (Dec. 31, 2002) to €639 million (Dec. 31, 2003), mainly due to Vehicle Transmissions, albeit the other units likewise entered fiscal 2004 with a healthy order backlog.

At Dec. 31, 2003, the **workforce** totaled 1,544, up 1 percent over the year-earlier 1,531.

Results of operations

Right up to mid-2003 we had expected earnings to fall short of the year-earlier level. However, Q4 efforts, in particular, to reach our sales targets proved fruitful in terms of earnings. With EBT at just under €20 million, the 2003 figures of €19 million was slightly surpassed. Sales returned 7.3 percent. Analogously to sales, Vehicle Transmissions proved the most profitable unit. A special move made to utilize RENK AG's tax loss carryover earlier had in 2002 generated extraordinary income of €2.5 million which, in turn, caused an extraordinary loss of €1 million in 2003, amounts not contained in EBT for these two fiscal years and also eliminated from the adjusted EpS.

Outlook

For 2004, growth is generally predicted, albeit this might be stifled by the euro/dollar parity. Nonetheless, since most of RENK's business is transacted in euros, we do not expect the exchange rate to pose any grave risk to earnings. Hence, we hope to repeat the healthy earnings of 2003.



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Business trend in fiscal 2003

RENK	2003 € mill.	2002 € mill.	Change in %
Order intake	324	305	+6
Germany	135	140	-4
Abroad	189	165	+15
Sales	267	255	+5
Germany	96	106	-9
Abroad	171	149	+15
Order backlog*	639	585	+9
Workforce*	1,544	1,531	+1
Capital expenditure	7	11	-36
R&D	3	4	-25
EBIT	22	21	+5
EBT	20	19	+5
Extraordinary result	(1)	2.5	-
Net income	11	13	-15
Cash earnings	26	24	+8
EpS in € according to IAS 33	1.59	1.92	-17
Adjusted EpS in €	1.74	1.56	+12

* as of Dec. 31

RENK Aktiengesellschaft
THE EXECUTIVE BOARD