RENK Group AG — Investor Relations

Transcript — Q2 / H1 2026 Pre-Close Call, 16 July 2026

Operator (Intro):

Welcome to the RENK Group AG Pre-Close Call for H1 2026. Please note that the call will be recorded. I would now like to turn the call over to Maximilian König - Senior Investor Relations Manager. Please go ahead.

RENK:

Thank you, operator, good morning, everyone, thank you for joining today's pre-close call for the second quarter and first half of 2026.

One organizational aspect upfront: in the next few minutes I will walk you through a short set of key messages giving a reminder of publicly disclosed information provided by us during the second quarter and potential implications on Q2 2026. After that, there will be no Q&A session. We will of course be happy to take all of your questions at our half-year results call on August 6, where the full details will be published.

Please bear in mind: our half-year closing process is still ongoing. Everything I say today therefore reflects our current view. Final figures will be published on the mentioned H1 print on August 6.

The key message is very clear: our story is fully on track. H1 unfolds exactly as planned and always communicated and in full alignment with our FY 2026 guidance of more than 1.5bn EUR revenues and an adjusted EBIT range of 255 to 285mn EUR. Rest assured that we continue to clearly target the upper half of that adjusted EBIT range.

Let me now start with order intake. Based on an unchanged strong market momentum with continued high demand for our products, order intake will again be one of the highlights of the quarter with our defence business clearly setting the pace.

During Q2, we were very proud to extend our framework agreement with Rheinmetall regarding the KF41 Lynx programme. Under this contract we will deliver transmissions and final drives up to 270mn EUR, including options in the amount of 63mn EUR. The Lynx will be used in a variety of European armed forces, and we are proud to make our contribution to further boost European deterrence.

A particular highlight in June was certainly that RENK America was awarded the follow-on five-year THOR IV frame contract by the U.S. Army for the HMPT 800 transmission. This represents the fourth award in this series, with a value of up to 691 million USD over five years, including further potential upside options. As a reminder, this is a frame contract. The individual call-offs under this contract will convert into order intake over the coming years. For Q2 2026 we considered approx. 120mn EUR as OI according to contract conditions.

Encouraging was also to see the very first Patria TRACKX series orders, which are further supported by a very recent collaboration agreement between Finland, Norway and Latvia during the NATO summit in Ankara, as well as meaningful spare parts orders from various international customers. This broad international diversification – as seen in case of the numerous contracts for land platforms - is also reflected in our Navy order intake with significant orders coming from various international frigate programmes, including FREMM in Italy to only name one.

To sum it up, we expect another all-time high in terms of order intake for a single quarter, definitely exceeding the 400-500mn EUR range we communicated in our Q1 call. That puts group order intake for H1 clearly above the 1 billion EUR mark and in reach to our FY 2026 ambition to secure approx. 2bn EUR order intake.

This strength in order intake is first and foremost driven by our VMS division. In the second quarter, VMS order intake came in slightly above the already strong first quarter. This strong momentum across our international core land defence markets is a clear signal to the ongoing market debate about the relevance of so-called conventional platforms vs. drones. It is fair to say that demand for conventional platforms — and for the mobility solutions powering them — remains firmly intact, and our international customers keep placing orders accordingly.

Within our M&I division, the second quarter shows strong double-digit year-over-year growth dynamics for order intake, and we expect it to land well above Q1 2026, driven by the Navy business. However, as observed during 2025 and Q1/2026, it is also fair to say that the industrial end markets are still facing ongoing headwinds from an overall weak GDP related industrial sector, and we do not see any indication for a recovery throughout 2026.

Order intake in Slide Bearings is expected at the prior year's level.

Turning to revenue: it currently looks like group revenue for Q2 grew slightly year-over-year against a strong prior year's quarter and at a similar but still lower pace than in Q1 2026. As a reminder, more than 90% of our planned 2026 revenue is covered by our fixed order backlog, and revenue conversion is strictly being executed according to customer contracts and delivery schedules. Also, let me remind you that the first half of 2025 included Israel-related revenues of roughly 20 to 25 million EUR per quarter, while the operational ramp-up of the 2026 Israel volumes started - as planned and communicated - during the second half of Q2 2026. According to our close discussions with the relevant authorities, we are moving forward to realize roughly 80-100mn EUR of sales to Israel in H2 2026, strictly in line with customer delivery schedules. Like-for-like, Group revenues would see a high single-digit growth assuming comparable Isreal business in Q2 2026 like we did in Q2 2025.

On a divisional level, VMS remains the clear and absolute growth engine of the group. From what we see right now, it looks like the division continued to grow year-over-year at a mid-single digit rate in Q2. Normalizing for the mentioned Israel effect, underlying VMS revenue growth for Q2 would be well in a mid-teens growth range.

M&I is expected to show clear revenue improvements with levels significantly north of Q1 2026 and almost at prior year's levels. Two factors are relevant here: first - and as said before - the industrial end markets remain soft and continue to weigh on the division; and second, a storm-related production stoppage of about 5 working days in our site in Rheine.

Slide Bearings should come in slightly below but close to Q1 2026, dealing with continued cyclical headwinds coming from the industrial end markets.

Let me continue now with Group level earnings. It currently looks like adjusted EBIT for Q2 once again grew clearly ahead of revenue — continuing the pattern of the first quarter, where adjusted EBIT growth outpaced revenue growth and the margin expanded year-over-year. We expect further adjusted EBIT margin improvements in Q2, both with respect to Q1 2026 but also to prior year's level. This is a clear performance story that we show in H1 2026, driven notably by VMS with a high level of operational excellence, and it is being delivered while we are at the same time executing our planned capacity expansion and investment program during the second and the third quarter.

VMS' profitability on adj. EBIT level will presumably land well above Q1 2026, with continued strong margin progression as already seen in the previous quarter. Like in Q1, we clearly continue to see tangible results from our modular production line concept in Augsburg.

Within M&I, adj. EBIT is expected to come in significantly above Q1 2026, and slightly above prior year's levels. Slide bearings should show adj. EBIT levels slightly below the previous quarter.

Ladies and Gentlemen, with respect to the latest events happened in Q2 2026, let me also spend a short moment on unmanned systems and autonomous mobility. We always made it quite clear that the modern battlefield is and will be a combination of both — conventional platforms and drones, manned and unmanned platforms, and connected in a digital battlespace across all domains — and RENK powers both worlds. A couple of examples from the second quarter demonstrates this very visibly:

– At Eurosatory in June, RENK and Patria jointly presented a 15to heavy tracked unmanned ground vehicle concept, combining Patria's TRACKX platform with our new and digitalized HSWL 076 drive-by-wire transmission. The shown interest from leading customers, various MoD's and the media was impressive, and it was good to see how customers acknowledged that autonomy for tracked vehicles starts with a digitalized transmission and how well RENK is positioned for this upcoming mass market.
– In the US, in collaboration with BAE Systems and Forterra, RENK America is enabling autonomous capability for the AMPV, with our HMPT transmission as the key enabler for future autonomous vehicle operations.
– At sea, RENK develops systems and components for unmanned naval systems and is the drivetrain development partner for an Autonomous Surface Vessel for an international customer.

In short: Q2 2026 has confirmed ongoing strong order intake for conventional international land and sea platforms and an operational execution according to customer delivery schedules. Further the quarter shows a positive year over year development of the adjusted EBIT Group-level margin for Q2 and H1 with VMS as the main driver. Also, we secured important milestones for our NextGen technology roadmap towards future unmanned and autonomous systems both for land and sea. Last but not least we are prepared for a strong H2 2026.

Let me continue with a few comments on the German defence budget proposal 2027, I am sure you have seen this earlier this week. The underlying message is clear: Germany has substantially accelerated total defence spendings, with a multi-year commitment through 2030 and beyond. There is not a single year until 2030 that sees lower defence spendings than previously assumed in the 2026 budget.

Allow me to provide a couple of observations from our perspective.

Number 1. Germany, during the last 12 months, was really walking the talk and has awarded armoured vehicle related projects worth roughly 18 bn EUR. Think about Puma 2nd batch, the wheeled howitzer RCH 155, the Shakal IFV, Boxer variants, CAVS, the MOWAG eagle wheeled vehicle to name a couple of platforms.

Number 2. In the planned core defence budget (so called EP14) we observe a significant increase for armoured land platforms in terms of actual cash funding for 2027. Combat vehicles clearly remain strategically important because NATO readiness requires credible land forces. Also, NATO capability targets from 2025, which foresee a significant build-up in conventional capabilities – the so called "conventional mass" - have never changed.

Number 3. Procurement authorisations for armoured land platforms are still at a very high level of in total 44bn EUR. The comparable level of Procurement authorisations in the previous year amounted to roughly 87bn EUR where the delta can be basically explained by a) the large number of executed projects as mentioned in my first observation (more than 18bn EUR); b) reallocation as part of the so called burden sharing towards capabilities like Navy and Air Defence and c) overall quote-on-quote healthy structuring of the budget plannings after the 2025 summit in The Hague.

In addition, it is also worth to mention that in particular naval sees very strong increases in future procurement authorities within the 2027 budget. We notice roughly 42bn EUR in procurement authorisations until the end of the 2030s. As a platform agnostic supplier of navy gearboxes with decades of close relationships with more than 40 navies worldwide, including the German Navy, we feel strongly positioned to make our contribution to support German and European maritime deterrence.

Let me be very clear: all assumptions made in the current budget draft for 2027 fully align with our internal „traditionally" conservative assumptions which form the basis for our mid-term targets.

Ladies and gentlemen, let me come to the end of today's pre close call.

We are now entering into our quiet period. We look forward to speaking with you at our H1 2026 results call on August 6. Thank you very much for joining and have a good day. Over to you operator, bye bye.

Operator (Outro):

This concludes the RENK Group AG Pre-Close Call for H1 2026. Thank you for joining, you may now disconnect.