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Renold plc ("Renold" or "the Company")

**Placing and Open Offer and Firm Placing to raise £28.5 million
 gross**

Renold, a leading international supplier of industrial chains and related power transmission products, today announces its proposed issue of 142,500,000 New Ordinary Shares at 20 pence per share through a Placing and Open Offer and Firm Placing to raise £28.5 million gross (approximately £26.9 million net of expenses).

A Prospectus containing details of the Placing and Open Offer and Firm Placing and convening a general meeting to approve certain matters necessary to implement the Placing and Open Offer and Firm Placing is expected to be posted to Shareholders shortly and will be available on the Company's website, www.renold.com.

Highlights

- Placing and Open Offer and Firm Placing to raise £28.5 million (approximately £26.9 million net of expenses) at a price of 20 pence per share.
- Issue Price represents a discount of 27.9 per cent. to the share price of the Company at close of trading on 16 November 2009.
- Placing and Open Offer of 87,500,000 New Ordinary Shares and Firm Placing of 55,000,000 New Ordinary Shares.
- Existing Shareholders have the opportunity to apply for up to 87,500,000 New Ordinary Shares (61.4 per cent. of the Placing Shares) at the Issue Price under the Open Offer.
- The net proceeds will be used to reduce borrowings and the cost of borrowing.
- Additional equity protects the Group against a delayed recovery or recession after-shocks and positions the Group for a strong recovery. Moreover, a stronger balance sheet would leave the Group well positioned for industry consolidation.
- Admission of the Shares to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities is expected to take place on 10 December 2009.
- The Share Issue is subject to approval by the Company's Shareholders at a general meeting expected to be held on 9 December 2009.

Matthew Peacock, Chairman, said:

"We are delighted by the strong support shown by the Company's key shareholders, and a significant number of new high quality institutional investors, for Renold's fundraising. The reduction in Group debt, together with an associated widespread improvement in the Group's banking terms under its main facility, provides greater resilience and financial flexibility and positions the Group for recovery and a role in industry consolidation."

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Cautionary note regarding forward looking statements

Some of the information in this announcement includes statements that are, or may be deemed or construed to be, "forward looking statements". These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "projects", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could", "appears", "should" or "continue" or, in each case, their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors, the Company or the Group concerning, among other things, the results of operations, prospects, growth, strategies and dividend policy of the Group and the industries in which it operates. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward looking statements are not guarantees of future performance. The forward looking statements contained in this announcement speak only as of the date of this announcement.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules and/or the Prospectus Rules and/or the Disclosure and Transparency Rules) and as required by the FSA, the London Stock Exchange or the City Code, the Company does not undertake any obligation to update or revise publicly any forward looking statement, whether as a result of new

information, future events or otherwise. All subsequent written and oral forward looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph.

No statement in this announcement is, or is intended to be, a profit forecast and no statement in this announcement should be interpreted to mean that earnings per share of Renold for the current or future financial years would necessarily match or exceed the historical published earnings per share of Renold.

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The New Ordinary Shares have not been and will not be registered

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Introduction

The Board of Directors of Renold announced today that it proposes to undertake a Placing and Open Offer and Firm Placing to raise approximately £26.9 million (net of expenses) through the issue of New Ordinary Shares at an Issue Price of 20 pence per New Ordinary Share. 87,500,000 New Ordinary Shares will be issued through the Placing and Open Offer and 55,000,000 New Ordinary Shares will be issued through the Firm Placing.

The Placing and Open Offer and Firm Placing are each conditional upon, amongst other things, the approval of Shareholders at the general meeting and upon the Placing Agreement becoming unconditional in all respects.

Background to and reasons for the Placing and Open Offer and Firm Placing

Background

Renold is an international engineering group with a 130 year history of organic and acquisitive growth. The Group produces a wide range of high quality engineering products and application solutions, operating in 20 countries worldwide. The principal activities of the Group are the manufacture and sale of industrial steel chains and related power transmission products, including gears and couplings. The Directors believe that the Group has a good reputation for engineering and quality and, moreover, that the Renold brand is a key differentiator in what is a relatively standardised global market where price is increasingly important. In particular, the Directors further believe that the Chain division is one of only two major global players in industrial transmission chain and a leading business in various territories in industrial conveyor chain, with a very broad range of OEM (original equipment manufacturer), end user and distributor customers.

Over recent years, the management team has implemented an ongoing programme of significant changes to the structure, operations and strategy of the Group which have included:

- focus on power transmission businesses and divestment of non-core divisions in automotive and machine tools;
- a move towards low cost manufacturing with the acquisition or establishment of operations in Poland, Malaysia, China (two) and India, and the closure of one Western site (Burton);
- exploiting access to new markets provided by low cost sources;
- ongoing rationalisation of the legacy cost base in the UK, Europe and the USA;
- ongoing initiatives aimed at improving manufacturing systems and reducing stock on a global basis;
- rationalisation and globalisation of brand and price architecture for Chain, leveraging the 'Renold' name and focusing on core, differentiated products in specific price/quality tiers; and
- standardisation of reporting processes.

These management actions contributed to a successful growth in

sales and profits up to the financial year ended 31 March 2008 with demonstrable progress made against the Company's targets of a 10 per cent. return on sales and 20 per cent. return on capital employed.

In respect of the financial year ended 31 March 2009, the Group exceeded management expectations in the first half of the financial year with a 36 per cent. increase in the order book and a 33 per cent. increase in operating profit. However, since October 2008 most parts of the Group have experienced major reductions in orders and subsequently sales from most customers and markets as a consequence of the global economic crisis.

Management responded swiftly to the decline in sales, resizing the business for an anticipated 25 per cent. reduction on 2008 calendar sales with a series of major cost reductions across the Group.

Key actions include:

- annualised cost reductions achieved between September 2008 and September 2009 of £13 million:
 - overall headcount reduction of 25 per cent. since September 2008 (793 people);
 - reduction in salary costs as a result of implementing a shorter working week in Germany, Switzerland and France;
 - temporary reduction in salary costs (10 per cent.) for the Board, senior management teams and most employees;
 - the closure of the Poland manufacturing facility in the first quarter of the financial year ending 31 March 2010; and
 - the sale of the Brussels office and the relocation of the respective business;
- a further £3 million of annualised reductions may be achieved in the financial year ending 31 March 2010 bringing the total to £16 million; and
- further cash conservation actions such as:
 - securing inventory volume reduction last year of £5 million;
 - a continuing inventory reduction programme with a further £5 million expected this year (£2 million in the first six months of the financial year ending 31 March 2010); and

- capital expenditure is being constrained to health and safety, maintenance and new product launches.

As at 31 March 2009, circa 60 per cent. of the Group's direct labour was in low cost countries compared to zero in 2005 and to the original target of 40 per cent..

Notwithstanding recent significant cost cutting measures, the Group remains relatively highly operationally geared with a relatively fixed overhead base and, accordingly, variations in sales volumes have a significant impact on Group profitability.

Bank facilities

In August 2009 the Group renegotiated its main bank facility with its key lenders as the previous facility was due to expire at the end of February 2010.

The Group's main bank facility has a term of approximately three years and provides loans and overdrafts to the Group totalling £11,986,387.03, US\$13,000,000 and €13,000,000 of which approximately £1 million was undrawn as at 30 September 2009 (the Group has total debt facilities of approximately £63.9 million). The main bank facility has a number of financial covenants attached to it together with security in the form of direct debentures over approximately £60 million of fixed assets, debtors and stock. The key terms of the facility are as follows:

- total facilities of £11,986,387.03, US\$13,000,000 and €13,000,000, including a multicurrency revolving credit facility ("Facility A") maturing on 30 June 2012 of £986,387.03, US\$13,000,000 and €13,000,000 and a sterling term-loan facility ("Facility B") maturing on 30 June 2012 of £11 million;
- margin on Facility A is a maximum of 4.5 per cent. above LIBOR, reducing down to 2.5 per cent. based on leverage;
- margin on Facility B comprises a cash margin of 6 per cent. above LIBOR and a payment-in-kind margin accruing at a rate commencing at 7.5 per cent. and increasing by 0.5 per cent. every six months;
- leverage, interest cover and operating cash flow covenants tested quarterly;
- capital expenditure covenant tested annually; and

- warrants over 3,500,000 ordinary shares of 25p in the capital of the Company which at the time of entering into the new facility represented approximately 4.3 per cent. of the fully diluted issued ordinary share capital of the Company.

The Group also has banking agreements with a number of local bi-lateral lenders in other geographies which provided in aggregate approximately £16 million of funds as at 30 September 2009 (with approximately a total £25 million of facilities). These local facilities are secured against a package of some further £70 million of Group assets, notably the assets of the US operations, and have no material earnings based covenants.

The Group's net borrowings have increased over recent financial years and as at 30 September 2009 were approximately £39.1 million. These increases are principally as a result of:

- capital expenditure of approximately £14 million (in particular the successful acquisition in September 2008 of the Indian industrial chain business of LGB);
- adverse working capital movements; and
- pension payments, interest and redundancy costs.

However, as stated above, cash conservation measures have been successfully implemented including inventory reductions and constraints on capital expenditure.

This notwithstanding, due to the lack of supply in the UK debt market, the Group's borrowing costs have increased materially following the renegotiation of the main facility. The Directors consider that this reflects an overall level of Group debt that is higher than desired and which has resulted, consequently, in a cost of borrowing that the Directors consider too high overall.

Placing and Open Offer and Firm Placing

Accordingly, the Board has decided that it is in the best interests of the Group and its Shareholders as a whole at this time to raise approximately £26.9 million (net of expenses) of new equity capital to reduce borrowings, the costs of borrowing, to invest in operational improvements with short term payback and to provide greater resilience and financial flexibility in the current environment.

The Directors have already secured a widespread improvement in the Group's banking terms under its main facility, conditional on the Placing and Open Offer and Firm Placing successfully completing,

which include a relaxation of financial covenants and improved terms for Shareholders in respect of the lending banks' Warrant Shares.

The Directors believe the additional equity, in strengthening the Group's balance sheet and reducing financing costs, would protect the Group against a delayed recovery or recession after-shocks and positions the Group for a strong recovery. Moreover, a stronger balance sheet would leave the Group well positioned for industry consolidation.

These statements do not constitute a profit forecast and should not be interpreted to mean that the earnings per share in any financial period will necessarily match or be lesser or greater than those for the relevant preceding period.

Current trading and prospects

In the first half of the year ended 31 March 2009, the Group exceeded management expectations with a 36 per cent. increase in the order book and 33 per cent. increase in operating profit. At that time market expectations for the financial year ended 31 March 2009 reflected this trend with expected EBITDA of £20 million. However, since October 2008, most parts of the Group have experienced major reductions in orders and subsequently sales as a consequence of the global economic crisis.

On 14 July 2009, the Company announced its results for the financial year ended 31 March 2009 reporting sales of £194.7 million (2008: £172.6 million) and adjusted operating profit of £10 million (2008: £12 million). The Company also stated that sales for the first quarter of the financial year ending 31 March 2010 showed a 25 per cent. year on year decrease and that it had taken decisive action to resize the business to the new demand levels. These actions have partially mitigated the impact of the reduced contributions resulting from lower sales revenues.

Since that date, trading has progressed in line with these expectations. The Company has today reported its interim results for the six months ended 30 September 2009 and a summary of the interim results follows:

	<i>H1 FY2008/09 £ million</i>	<i>H1 FY2009/10 £ million</i>	<i>FY 2008/09 £ million</i>
Sales	95.2	75.5	194.7
Operating profit/(loss) before exceptional items	6.0	(2.3)	10.0
Operating profit/(loss)	6.0	(3.7)	7.6
Net borrowings*	(39.6)	(39.1)	(36.7)

Net working capital	50.8	40.9	45.9
Retirement benefit obligations#	(29.5)	(57.3)	(44.1)

*Net borrowings exclude preference shares of £0.5m.

Retirement benefit obligations net of associated deferred tax asset, including unfunded German scheme.

Sales for the six months ended 30 September 2009 are down 21 per cent. (29 per cent. on a constant currency basis) compared to the equivalent period last year, indicating an annualised run rate of £150 million which would represent a 25 per cent. reduction compared to the full year results for the year ended 31 March 2009. Within the Group, the chain division has been most impacted showing an overall reduction in annual run rate of 35 per cent. to £100 million, of which the Directors estimate the effect of destocking accounts for approximately 15 - 20 per cent. with the drop in underlying demand representing the balance.

The summary results for the six months ended 30 September 2009 also show net borrowings (which exclude £0.5 million of preference shares) stable at £39.1 million and reduced net working capital reflecting lower activity levels and a focus on inventory reduction.

Retirement benefit obligations net of deferred tax have increased to £57.3 million (£44.1 million as at 31 March 2009) net of deferred tax with the schemes' liabilities, accounted for under IAS, being inflated by lower AA corporate bond rates.

In terms of current trading, the Directors believe that customer destocking is now coming to an end in parts of Europe and is expected to finish in the US by first quarter 2010/11. With India, Australasia and South Africa having remained robust throughout the period, overall order intake has improved by 20 per cent. in recent months, from a low in February 2009, showing increasing stabilisation and some early evidence of recovery.

The end of destocking is expected to have a significant positive impact on sales without requiring any improvement in underlying demand and, the Directors believe, the Group's performance should be enhanced by market share gains, its high operational gearing and a more favourable exchange rate environment. The Company appears to be winning market share, particularly with products from its recently acquired facilities in India and China as well as in US where it has recently introduced a wider range of locally manufactured product.

Looking forward, the Directors consider the power transmission industry, and chain in particular, to be fragmented and due for

consolidation. With a strengthened balance sheet and a recovery in its core markets, the Group should be well placed as the second largest global player to take advantage of the consolidation opportunity building on its good track record of acquisitions. The Directors believe that the Group's smaller national and regional competitors have suffered as sales have declined significantly and it is likely that they will view capacity reduction through consolidation as a next step.

As previously stated, before the global economic crisis had a significant impact on the Company's markets from October 2008, market expectations at that time were for EBITDA of approximately £20 million for the year ended 31 March 2009. The Directors do not consider there to have been any structural changes to the Group's end markets uses and needs for the Group's products. The speed at which the Group could return to pre-recession levels of activity will be driven largely by market factors including:

- the rate and timing of destocking ending - expected by the Directors to be largely complete by first quarter 2010/11;
- the rate and timing of demand recovery;
- the extension of market share gains; and
- potential industry consolidation.

Nevertheless, the Directors consider that efficiency changes made during the recession have improved the Company's margin potential and competitive position. The Directors believe that approximately £10 million of the annualised £16 million of cost savings should be retained once the markets have recovered, as higher levels of operating activity should see, amongst other variable cost increases, the restoration of standard working weeks and the reversal of pay cuts. Moreover, operating disciplines have been honed, particularly with regard to inventory and working capital generally, and there are further potential operational improvements that the Company can pursue which have a short term payback.

In summary, the Directors believe the Company represents a true recovery play with significant potential upside.

Defined benefit pension scheme

The Group operates a number of pension plans throughout the world covering many of its employees. The principal funds are those in the United Kingdom: (i) the Renold Group pension scheme ("RGPS"), (ii) the Jones & Shipman plc retirement benefits plan (1971) ("J&S

RBP") and (iii) the Renold supplementary pension scheme 1967 ("RSPS"). These three plans are funded plans of the defined benefit type with assets held in separate trustee administered funds. Future accrual to the J&S RBP and RSPS ceased in August 2008 and ceased for RGPS in June 2009.

All current and future UK employees have the opportunity to join the Renold personal pension plan which is a contract-based defined contribution scheme.

The most recent actuarial valuations of the RGPS and RSPS were at 5 April 2007. The valuation of both plans used the projected unit method and were carried out by professionally qualified actuaries. The last valuation of the J&S RBP was at April 2006 and was also carried out by professionally qualified actuaries. In June 2008, the Company agreed a schedule of contributions with the trustees of the RGPS and RSPS, under which it made its first deficit repair payment of £1,500,000 to RGPS and £460,000 to RSPS on 31 December 2008. Following the closure of the RGPS and RSPS to future accrual from 1 June 2009, the Company agreed a revised schedule of contributions with the trustees of the RGPS and RSPS, under which it will make its first deficit repair payment of £1,553,000 to RGPS and £476,000 to RSPS on 31 December 2009.

Overseas employees participate in a variety of different pension arrangements of the defined contribution or defined benefit type, funded in accordance with local practice.

The IAS 19 retirement benefit deficit as at 30 September 2009, accounted for in accordance with IAS 19, was £73.8 million. The related liabilities increased since 31 March 2009 as the AA corporate bond yield further declined due to the global economic crisis. The cash contributions made by the Company to the pension schemes are agreed and stable, and are determined by a funding valuation not IAS 19. The German pension liability of approximately £23 million relates to an unfunded scheme. The Group pension obligations are being actively managed and buy-out opportunities with nil cash premium are being pursued. The short term cash flow requirements are agreed with the respective pension trustees and are stable.

Use of proceeds

The Directors intend to use the net proceeds of the Placing and Open Offer and Firm Placing, anticipated to amount to approximately £26.9 million, to reduce borrowings, the cost of borrowing and to provide greater resilience and financial flexibility in the current environment. Approximately £11.4 million of the net proceeds of the Placing and Open Offer and Firm Placing will be used to repay in full a sterling term facility of £11,000,000, and accrued interest, under the facilities agreement with The Royal Bank of Scotland plc and

Fortis Bank, UK Branch. Part of the proceeds will be invested in operational improvements with a short-term payback, with the remainder of the proceeds being used in the short term to repay, but not cancel, borrowings under revolving and overdraft facilities. Such repayment of the various facilities will also enable the Group to secure improved terms on the banking facilities.

Dividends and dividend policy

The Board has decided that it is in the best interest of shareholders not to pay a final dividend in 2009. The Board will consider future dividend policy taking into account the Group's earnings, cashflow and balance sheet position.

Capital Reorganisation

Section 580 of CA 2006 prohibits the Company from issuing any shares at a subscription price below the nominal value of such shares. The Directors believe that the current nominal value of the Existing Ordinary Shares of 25 pence per share is high relative to the price at which Existing Ordinary Shares are currently traded on the London Stock Exchange and that, consequently, it is desirable to reduce the nominal value of each Existing Ordinary Share to 5 pence per share.

It is proposed that each Existing Ordinary Share of 25 pence each in nominal value be subdivided and converted into one New Ordinary Share of 5 pence in nominal value and one Deferred Share of 20 pence in nominal value. The New Ordinary Shares of 5 pence each so created will continue to carry the same rights as attach to the Existing Ordinary Shares of 25 pence each and will be admitted to the Official List and to trading on the London Stock Exchange. The Deferred Shares will not be admitted to the Official List nor to trading on the London Stock Exchange and will have very limited rights. The Directors consider the Deferred Shares so created to be of no economic value. No new share certificates will be despatched or CREST messages sent in respect of the Capital Reorganisation.

Principal terms and conditions of the Placing and Open Offer and Firm Placing

Renold is proposing to raise approximately £26.9 million (net of expenses) by way of the Placing and Open Offer and Firm Placing. 87,500,000 New Ordinary Shares will be issued through the Placing and Open Offer and 55,000,000 New Ordinary Shares will be issued through the Firm Placing.

Placing and Open Offer

Qualifying Shareholders, on and subject to the terms and conditions of the Open Offer, are being given the opportunity to apply for Open

Offer Shares at the Issue Price, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date, on the basis of:

1.1354 Open Offer Shares for each Existing Ordinary Share

The Issue Price of 20 pence per Open Offer Share represents a discount of 7.75 pence (27.9 per cent.) to the Closing Price of 27.75 pence per Existing Ordinary Share on 16 November 2009 (being the last trading day prior to announcement of the Placing and Open Offer and Firm Placing).

Excess Application Facility

The Excess Application Facility will enable Qualifying Shareholders, provided they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility, up to a maximum number of Excess Shares equal to 0.7137 times the number of Existing Ordinary Shares held in such Qualifying Shareholder's name as at the Record Date, subject to availability. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

The aggregate number of Open Offer Shares available for acquisition pursuant to the Open Offer will not exceed 87,500,000 New Ordinary Shares. The Placing and Open Offer and Firm Placing are each conditional, *inter alia*, upon the passing of the Resolutions without any material amendment and Admission.

Firm Placing

Renold is proposing to issue 55,000,000 Firm Placed Shares pursuant to the Firm Placing. The Firm Placing has been fully underwritten by Singer Capital Markets.

The Firm Placed Shares are not subject to clawback under, and do not form part of, the Open Offer. The Firm Placing is expected to raise approximately, £11.0 million, before expenses. The Firm Placing is subject to the same conditions and termination rights which apply to the Placing and Open Offer.

The Firm Placed Shares have been placed with new institutional investors and certain existing Shareholders and are not subject to clawback and do not form part of the Open Offer. Singer Capital Markets has conditionally placed the Open Offer Shares with institutional investors subject to clawback to satisfy valid applications from Qualifying Shareholders under the Open Offer.

In structuring the Placing and Open Offer and Firm Placing, the Directors have considered how to form the proposed equity fundraising, having regard to the current market conditions, the level of the Company's share price and the importance of pre-emption rights to Shareholders. After considering all these factors, the Directors have concluded that the Placing and Open Offer and Firm Placing are, together, the most suitable option available to the Company and its Shareholders. The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by subscribing for Open Offer Shares *pro rata* to their current holding of Existing Ordinary Shares. The Firm Placing is an opportunity to attract new investors and additional investment to the Company. The Excess Application Facility also enables Qualifying Shareholders who wish to take up their full Open Offer Entitlement to subscribe for Excess Shares to mitigate the dilution to existing Shareholders from the Firm Placing.

In setting the Issue Price, the Directors have considered the price at which the New Ordinary Shares need to be offered to investors to ensure the success of the Placing and Open Offer and Firm Placing and raise a very significant level of equity compared with the current market capitalisation of the Company. The Directors believe that both the Issue Price and the discount are appropriate.

Upon completion of the Placing and Open Offer and Firm Placing, the Open Offer Shares and Firm Placed Shares, in aggregate, will represent approximately 64.9 per cent. of the Company's Enlarged Issued Share Capital and the New Ordinary Shares issued to holders of Existing Ordinary Shares pursuant to the Capital Reorganisation will represent approximately 35.1 per cent. of the Company's Enlarged Issued Share Capital. New Ordinary Shares issued through the Placing and Open Offer and New Ordinary Shares issued through the Firm Placing will account for approximately 61.4 per cent. and 38.6 per cent., respectively, of the total New Ordinary Shares issued through the Placing and Open Offer and Firm Placing. The shareholder resolutions must be passed at the general meeting in order for the Placing and Open Offer and Firm Placing to proceed.

Following the issue of the New Ordinary Shares to be allotted pursuant to the Placing and Open Offer and Firm Placing, Qualifying Shareholders who take up their full Open Offer Entitlement (but do not take up any further Open Offer Shares pursuant to the Excess Application Facility) will suffer a dilution of approximately 25.0 per cent. to their interests in the Company. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will suffer a dilution of approximately 64.9 per cent. to their interests in the Company (unless they avoid such level of dilution by participation in the Placing and/or Firm Placing).

Related party transaction

M&G Investment Management holds approximately 14.7 per cent. of the Existing Ordinary Shares. 8,096,935 New Ordinary Shares will be issued to M&G Investment Management pursuant to the Firm Placing and this, due to its holding of Existing Ordinary Shares being in excess of 10 per cent. of the Existing Ordinary Shares, constitutes a related party transaction under the Listing Rules.

Shareholder approval is required with regard to this related party transaction. M&G Investment Management will not, and has undertaken to take all reasonable steps to ensure that its associates will not, vote on the relevant resolution at the general meeting seeking Shareholder approval of the Related Party Transaction.

General meeting

The Company is required to obtain certain Shareholder approvals in connection with the Placing and Open Offer and Firm Placing, the Capital Reorganisation and the Related Party Transaction and a general meeting is therefore to be held at 12 p.m. on 9 December 2009 at which the recommended resolutions containing such approvals will be sought.

The Board has received financial advice from Singer Capital Markets in relation to this Placing and Open Offer and Firm Placing. In giving its financial advice, Singer Capital Markets has relied upon the Directors' commercial assessment of the Placing and Open Offer and Firm Placing. The Board, having received such advice from Singer Capital Markets, considers the Capital Reorganisation, the Placing and Open Offer and Firm Placing and the Resolutions to be in the best interests of the Company and its Shareholders as a whole.

In addition, the Board, having been so advised by Smith & Williamson, believes that the Related Party Transaction is fair and reasonable as far as the Shareholders are concerned. In providing its advice to the Board, Smith & Williamson has taken into account the Directors' commercial assessment of the Related Party Transaction.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the resolutions to be put to the general meeting as they intend to do, or procure, in respect of their own beneficial holdings, amounting to approximately 311,500 Existing Ordinary Shares, representing approximately 0.4 per cent. of the Existing Ordinary Shares. Further, Hanover I Master Fund LP (in which Matthew Peacock is interested) intends to vote in favour of the resolutions to be put to the general meeting in respect of its holding of Existing Ordinary Shares which, at the date of this announcement, represents approximately 16.79 per cent. of the Existing Ordinary Shares.

The Directors intend to subscribe for an aggregate total of 575,989 New Ordinary Shares pursuant to the Placing and Open Offer and Firm Placing, and following the Placing and Open Offer and Firm Placing the Directors will beneficially own, in aggregate, approximately 0.4 per cent. of the Enlarged Issued Share Capital. Further, Hanover I Master Fund LP (in which Matthew Peacock is interested) intends to subscribe for an aggregate total of 11,751,490 New Ordinary Shares pursuant to the Placing and Open Offer.

Expected Timetable

Each of the times and dates in the table below is indicative only and may be subject to change.

Record Date for entitlements under the Open Offer	5.00p.m. on 13 November 2009
Ex-entitlement Date	(expected to be) 17 November 2009
Announcement of the Placing and Open Offer and Firm Placing and despatch of Prospectus, Application Forms and Forms of Proxy	17 November 2009
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	18 November 2009
Latest recommended time and date for requested withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30p.m. on 2 December 2009
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00p.m. on 3 December 2009
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00p.m. on 4 December 2009
Latest time and date for receipt of Forms of Proxy for use at the General Meeting	12.00p.m. on 7 December 2009
Latest time and date for receipt of	12.00p.m. on 7

electronic proxy appointments via the CREST system	December 2009
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00a.m. on 8 December 2009
Results of the Placing and Open Offer and Firm Placing announced through a Regulatory Information Service	9 December 2009
General meeting	12.00p.m. on 9 December 2009
Admission and commencement of dealings in the New Ordinary Shares expected to commence	8.00a.m. on 10 December 2009
CREST stock accounts expected to be credited for the New Ordinary Shares	10 December 2009
Share certificates for New Ordinary Shares expected to be despatched	17 December 2009

Definitions

The following definitions apply throughout this announcement, unless the context otherwise requires:

“Admission”	admission of the Open Offer Shares and the Firm Placed Shares (i) to listing on the Official List and (ii) to trading on the London Stock Exchange’s main market for listed securities becoming effective in accordance with, respectively, LR 3.2.7G of the Listing Rules and paragraph 2.1 of the Admission and Disclosure Standards
“Board”	the board of Directors of the Company
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company pursuant to the passing of the

	Resolutions
“Closing Price”	the closing middle market quotation of an Existing Ordinary Share as derived from the Daily Official List
“Company” or “Renold”	Renold plc
“Conditional Placees”	any persons who have agreed or shall agree to subscribe for Open Offer Shares pursuant to the Placing subject to clawback to satisfy valid applications by Qualifying Shareholders pursuant to the Open Offer
“CREST”	the relevant system, as defined in the CREST Regulations, and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“Deferred Share(s)”	the deferred shares of 20 pence each in nominal value in the capital of the Company as created pursuant to the Capital Reorganisation
“Directors” or “Board”	the directors of the Company
“EBITDA”	the consolidated operating profit of the Group before taxation after adding back any amount attributable to the amortisation, depreciation or impairment of assets of members of the Group
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company following completion of the Placing and Open Offer and Firm Placing
“Excess Shares”	New Ordinary Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
“Excluded Territory” or	the United States, Australia,

“Excluded Territories”	Canada, Japan and The Republic of South Africa
“Ex-entitlement Date”	17 November 2009 (the date on which the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange)
“Ex-entitlement Date”	17 November 2009 (the date on which the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange)
“Existing Ordinary Shares”	the 77,064,703 existing ordinary shares of 25 pence each in nominal value in the capital of the Company as at the date of this announcement
“Existing Unissued Ordinary Shares”	the 8,044,036 existing unissued ordinary shares of 25 pence each in nominal value in the capital of the Company as at the date of this announcement which are subject to either option or warrant
“Financial Adviser”, “Broker” or “Singer Capital Markets”	Singer Capital Markets Limited
“Firm Placed Shares”	in aggregate 55,000,000 New Ordinary Shares which the Company is proposing to allot and issue pursuant to the Firm Placing
“Firm Placees”	any persons who have agreed or shall agree to subscribe for Firm Placed Shares pursuant to the Firm Placing
“Firm Placing”	the subscription by the Firm Placees for the Firm Placed Shares
“Firm Placing” Shares	the subscription by the Firm Placees for the Firm Placed
“FSA”	Financial Services Authority of the United Kingdom
“FSMA”	Financial Services and Markets Act

	2000 (as amended from time to time)
“Group” or “Renold Group”	the Company and its Subsidiaries from time to time
“Issue Price”	20 pence per New Ordinary Share
“LGB”	L.G. Balakrishnan & Bros Ltd
“LIBOR”	the London Interbank Offered Rate
“Listing Rules”	the rules and regulations made by the FSA under Part VI of FSMA, as amended from time to time
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the 219,564,703 new ordinary shares of 5 pence each in nominal value in the capital of the Company including the Open Offer Shares and the Firm Placed Shares
“Official List”	the Official List of the FSA pursuant to Part VI of FSMA
“Open Offer”	the offer to Qualifying Shareholders, constituting an invitation to apply for Open Offer Shares, including (in certain circumstances) pursuant to the Excess Application Facility, on the terms and subject to the conditions to be set out in the prospectus and the application form
“Open Offer Entitlement”	the entitlement of a Qualifying Shareholder to apply for 1.1354 Open Offer Shares for each Existing Ordinary Shares held by him on the Record Date, on and subject to the terms of the Open Offer but excluding Open Offer Shares pursuant to the Excess Application Facility
“Open Offer Shares”	the 87,500,000 New Ordinary Shares to be offered to Qualifying Shareholders under the Open Offer

“Placees”	placees procured by Singer Capital Markets to subscribe for New Ordinary Shares under the Placing and the Firm Placing, being together the Conditional Placees and the Firm Placees
“Placing”	the conditional placing by Singer Capital Markets of the New Ordinary Shares to be issued pursuant to the Open Offer, on behalf of the Company on the terms and subject to the conditions contained in the Placing Agreement
“Related Party Transaction”	the issue of 8,096,935 New Ordinary Shares to M&G Investment Management pursuant to the Firm Placing
“Securities Act”	the US Securities Act of 1933, as amended
“Share Issue”	together the Placing and Open Offer and Firm Placing
“Shareholders”	holders of Existing Ordinary Shares and, following the Capital Reorganisation and Admission, holders of New Ordinary Shares
“Sponsor” or “Smith & Williamson”	Smith & Williamson Corporate Finance Limited
“UK Listing Authority” or “UKLA”	the FSA in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of admission to the Official List otherwise than in accordance with Part VI of FSMA recorded in the register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US\$”	the legal currency of the United

	States
“US”, “USA” or “United States”	The United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“£” or “sterling”	UK pounds sterling, the legal currency of the United Kingdom

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