Driving the machines behind Europe's rearmament: RENK's CEO on The Next Big Thing

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Key Takeaways

- RENK is a critical enabler of European defence platforms, powering mobility for land and naval systems.
- Its >75% share in tracked-vehicle transmissions underpins a long-life, "locked-in" model with strong aftermarket revenues.
- Europe's defence build-up looks structural, with spending and order visibility extending into the 2030s and beyond.
- Defence capability is shifting toward software-defined mobility, hybrid power and autonomy, not just steel and armour.
- RENK sees unmanned ground vehicles becoming a mass market after 2030, with transmissions as a core autonomy enabler.

When people think about defence, they tend to picture the final platform, the tank, the ship, the vehicle that appears on the front page. But beneath every one of those platforms sits something less visible and just as decisive: mobility. Power, reliability, endurance and the ability to move, quietly or aggressively, in extreme conditions increasingly define military capability.

RENK operates at that invisible but critical layer. It does not build tanks or ships. It enables them. And in a world of rearmament and modernisation, that makes it one of the most strategically important companies in Europe's defence ecosystem.

I recently had the pleasure of speaking with Dr Alexander Sagel, Chief Executive Officer (CEO) of RENK, on The Next Big Thing podcast. We discussed Europe's defence renaissance, the company's unique position in mobility systems, and why future warfare will be shaped as much by software and autonomy as by armour and firepower.

In this blog, we outline the key messages from the conversation. To hear the full episode, click here.

Why WisdomTree spoke with RENK

RENK is a holding in the WisdomTree Europe Defence UCITS ETF, the world's first pure-play exchange-traded fund (ETF) focused exclusively on European defence companies.

The ETF selects and weights companies based on their revenue exposure to defence, aiming to capture those most directly levered to Europe's rearmament cycle. RENK is a compelling example. It sits upstream of the final platform, supplying transmissions, drivetrains and power solutions to tanks, infantry fighting vehicles and naval vessels across more than 70 armies and 40 navies globally.

As defence spending rises, RENK benefits not only from new platform builds but also from decades-long aftermarket revenues tied to installed systems. That combination of structural demand and long-duration cash flows made it a natural company to explore through the perspective of its leadership.

What we learned from the conversation

What's Alexander Sagel's story?

Alexander described a career shaped by complex industrial environments. Trained as a physicist, with academic experience in the US, he moved into industry through Daimler during the DaimlerChrysler merger, working on post-merger integration and advanced powertrain development.

He then spent nearly two decades at Rheinmetall, running three of its four divisions over time, spanning automotive, weapons and ammunition, and electronic solutions. That blend of automotive-scale engineering and defence-specific complexity ultimately led him to RENK, first as Chief Operating Officer and, since early 2025, as CEO.

How does RENK define what it does?

If given just 60 seconds, Alexander framed RENK's business around one word: mobility. RENK designs and manufactures transmissions, drivetrains and power systems for highly sophisticated land and naval platforms.

Its market position is exceptional. In accessible Western markets, RENK estimates its share of tracked-vehicle transmissions at over 75 percent. Once qualified on a platform, RENK typically remains embedded for the full lifecycle of that platform, often 20 to 40 years for land systems and even longer for naval vessels.

This creates a locked-in model that combines original equipment sales with a substantial aftermarket. Today, around 40 percent of RENK's revenues already come from service, maintenance and spares.

Why Europe's defence push looks structural from RENK's vantage point

Alexander was clear that Europe's defence expansion is not about Ukraine alone. The shift began in earnest after the Munich Security Conference in early 2025 and reflects a deeper realisation that Europe must take primary responsibility for its own security.

He highlighted the scale of budget change underway, with European defence spending potentially rising from roughly €430 billion in 2024 toward €900 billion or more by the end of the decade. Germany alone is moving from around €80 billion toward €160 billion.

Crucially, he stressed that this shift is independent of any ceasefire scenario. In his words, it is structural, supported politically, and designed to play out over 10, 15 or even 20 years. For RENK, that underpins a transformation from a company that is roughly three-quarters defence today into an almost pure-play defence supplier by the end of the decade.

What makes a tank transmission so complex?

One of the most striking moments of the conversation came when Alexander compared a main battle tank transmission to a Swiss watch.

A heavy tracked-vehicle transmission can weigh around 2.5 tonnes, contain more than 35,000 individual parts, and operate at packaging densities above 90 percent. It is responsible not just for driving, but also for steering and braking, all under extreme mechanical and thermal stress.

That centrality is what makes RENK's position so powerful. Because the transmission governs all aspects of movement, it becomes the natural integration point for digital control, hybridisation and autonomous capability.

What does 'software-defined mobility' actually mean?

Alexander stated how RENK prefers to use the term, 'software-defined mobility.' The idea is that traditional mechanical excellence is no longer enough. By layering digital control, drive-by-wire systems and software intelligence onto existing hardware, entirely new capabilities emerge.

These include silent drive modes, rapid acceleration, energy management for onboard sensors, and autonomous operation. In this framing, the transmission becomes a control hub, not just a mechanical component.

Why autonomy matters, and why transmissions enable it

RENK sees unmanned ground vehicles as a future mass market beyond 2030. The logic is partly tactical and partly human. Soldiers are expensive and scarce, and autonomy allows dangerous tasks to be offloaded while extending operational reach.

For tracked vehicles in particular, autonomy is transmission-led. Because steering, braking and propulsion are all managed through a single system, adding software and artificial intelligence enables full vehicle control in a way that is structurally harder for wheeled platforms.

Alexander argued that this places RENK in a uniquely advantaged position as autonomy moves from experimentation to deployment.

How does hybridisation really work on the battlefield?

The discussion challenged the idea of a ‘green tank’. While reduced fuel consumption is always welcome, Alexander emphasised that hybridisation in defence is about tactical advantage, not decarbonisation.

Hybrid systems enable silent watch, stealth movement, fast bursts of acceleration and additional onboard power for sensors and digital systems. RENK recently unveiled the world’s first mild-hybrid main battle tank transmission, designed to enhance operational flexibility rather than eliminate conventional fuel use.

How does RENK scale to meet urgent demand?

A recurring investor question is whether defence companies can deliver at speed. Alexander acknowledged the challenge but stressed that RENK starts from a position of strength.

Years of sustained capital investment mean the company can almost triple land-transmission output by 2030 without building entirely new factories. Instead, it is repurposing existing civilian facilities, introducing modular production lines, and upgrading equipment to increase throughput and flexibility.

In his view, the constraint today is no longer funding, but execution. And that execution now sits squarely with the defence industry.

Why the aftermarket matters so much

RENK’s installed base spans around 180,000 land platforms worldwide. Each new platform sold today creates decades of future service, overhaul and spare-parts demand.

Alexander likened the model to jet-engine manufacturers, where aftermarket economics drive long-term profitability. The difference, he noted, is that RENK also earns attractive margins on new equipment. Over time, the company expects aftermarket revenues to rise from around 40 percent today toward 50 percent or more.

What excites him most looking ahead?

Alexander repeatedly returned to the idea of a defence supercycle lasting into the 2040s. Conventional platforms will continue to dominate for many years, while autonomy and digital mobility create new growth vectors beyond 2030.

Alongside organic growth, RENK is exploring selective acquisitions to deepen its presence in naval systems, expand further in the US, and extend its technology base while staying close to its core competency: mobility.

Internally, he said, the ambition is not to be a €3 billion company by 2030, but potentially a €4 billion-plus business by the mid-2030s, with margins moving beyond 20 percent.

Final takeaway

Alexander Sagel's message was consistent and clear. Europe's rearmament is real, long-term, and execution-driven. In that environment, the platforms that dominate headlines matter, but the systems beneath them matter just as much.

As warfare becomes quieter, more digital and increasingly autonomous, mobility is no longer just about moving from A to B. It is about control, endurance and integration. RENK aims to be the company defining that layer of Europe's defence future.

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