

13 July 2011

Avingtrans

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
05/09	37.6	2.1	6.2	0.0	9.9	N/A
05/10	28.6	0.6	3.0	0.0	20.5	N/A
05/11e	36.3	1.5	4.2	0.4	14.8	0.7
05/12e	41.8	2.4	6.7	1.2	9.2	2.0

Note: *PBT and EPS are normalised, excluding intangible amortisation and exceptional items.

Investment summary: Global aspirations

Avingtrans has positioned itself to provide precision components and manufacturing services for global OEMs and Tier 1 suppliers. This is built on a strategy of providing high-quality services to global partners from its bases in Europe and Asia into the aerospace, energy, medical and specialist industrial markets. Following a few turbulent years during the recession, we believe Avingtrans has emerged stronger, better placed and with an increasing number of long-term contracts providing the foundations upon which its global growth strategy can fully develop.

Addressing structural growth markets

The focus on areas such as aerospace, energy and medical ensures the group is addressing long-term structural growth markets. This supports strategic contracting and provides a base upon which incremental revenue opportunities can be layered. In our view, the key to the potential of the group is the development of its global supply chain offering. With a design and manufacturing capability in Europe, allied with manufacturing facilities in China, Avingtrans offers global OEMs and Tier 1s a single supplier to provide services from the most appropriate location.

Positioned for recovery, H1 showed the way

Despite the severe impact of the recession, Avingtrans was able to maintain a tight control on costs, while preserving the capabilities to position itself for the global recovery. Initial benefits of this have shown through in the interim results, with revenues up 25% and EPS up 50%. With a number of significant long-term contracts providing order support over the next three to five years, the underlying growth opportunity is clear in our view and is set to accelerate in the outer years.

Valuation: Market beginning to recognise potential

We feel the current rating of c 11x CY11 EPS demonstrates that, while Avingtrans has weathered the storm created by the recession, the market is still waiting to be convinced the recovery is sustainable. As increasingly robust numbers are delivered a significant re-rating could well occur. Our SOTP fair value is 90p/share.

Price 61.5p
Market Cap £16m

Share price graph



Share details

Code AVG
Listing AIM
Sector Industrial Engineering
Shares in issue 25.48m

Price

52 week High 70.0p Low 34.5p

Balance Sheet as at 30 November 2010

Debt/Equity (%) 34
NAV per share (p) 85.9
Net borrowings (£m) 7.5

Business

Avingtrans is a supplier of highly engineered components and services to the energy, medical, scientific and research communities, traffic management, automation and aerospace industries worldwide.

Valuation

	2010	2011e	2012e
P/E relative	194%	147%	100%
P/CF	4.2	5.9	4.1
EV/Sales	0.8	0.6	0.5
ROE	4%	5%	7%

Revenues by geography (2010 revs)*

UK	Europe	US	Other
75%	17%	5%	3%

*Note: does not fully reflect true end market

Analyst

Roger Johnston +44 (0)20 3077 5722
industrials@edisoninvestmentresearch.co.uk

Investment summary: Building a global supply solution

Company description: Components supplier to global OEMs

Avingtrans is a supplier of precision manufactured components to global OEMs and Tier 1 customers in the aerospace, energy, medical and specialist industrial markets. With operations in the UK, Germany, China and the US, it provides supply chain solutions to these customers with a western design and engineering capability supported by a cost competitive manufacturing option.

Valuation: Recovery partially priced in, upside exists if it delivers

We feel that the current rating of c 11x CY11 factors in some of the recovery we have assumed within our forecasts. However, as Avingtrans delivers on these numbers, we believe that a re-rating may well occur. In addition, with a number of long-term contracts in place and an improving market environment, we feel that the opportunity exists for long-term upgrades to forecasts. Our sum-of-the-parts suggests a current fair value of c 90p/share, although we believe upside exists to this once the Energy and Medical division recovery catches up with other parts of the group.

Sensitivities: Global economy dominates

Avingtrans is exposed to sensitivities in common with many component suppliers into the global OEM and Tier 1 market:

- **Economic performance:** The demand in many of the industries that Avingtrans serves is dictated to one degree or another by global economic conditions. The industrial business in particular was most directly affected by the recession. Likewise, inflationary cost pressures need to be managed, although many of Avingtrans' contracts contain mechanisms to dampen the effect of this.
- **Scale versus global nature:** Due to the global nature of the business it is necessary to ensure that good local management is employed. Avingtrans has focused hard on ensuring experienced operational management is in place across the business.
- **Quality and delivery:** With a global blue-chip customer base it is essential that quality and schedule are maintained. Again, management has focused intensely on ensuring the best procedures and lean manufacturing principles are in place and this is showing through in the increasing number of contracts being awarded to the group.

Financials: Positioned for the recovery

Despite the severe impact of the recession, Avingtrans was able to maintain a tight control on costs while preserving the capabilities to position itself for the global recovery. We have seen the initial benefits of this come through in the interim results released in February 2010 and, with a number of significant long-term contracts providing order support over the next three to five years, the underlying growth opportunity is clear in our view. Key points of the interim results:

- H1 Revenues increased by 25% to £16.9m, gross margins were up to 28.8% (2010: 22.6%) and EPS was up 50% to 1.8p.
- Net debt stood at £7.5m with gearing down to 34%. This has demonstrated the tight control management has maintained during the recession and has fallen from c 80% in 2007. This provides the group with flexibility to invest and a comfortable debt position.

Company description: A global component supplier

Avingtrans is a supplier of components for OEMs in various end markets. It has three divisions: Aerospace (36% of H1 11 sales), Energy and Medical (35%) and Industrial (29%) with headquarters in Nottingham, UK, and manufacturing facilities in the UK, Germany and China. As a result, it can support OEMs with a western design capability and a European or Chinese supply solution. With the increasingly global nature of its core industrial markets, Avingtrans provides a glimpse of what we believe will become an increasingly global supply chain.

Components for aerospace, energy, medical and industrial

Avingtrans manufactures a wide variety of critical components for OEMs and Tier 1 suppliers across a range of end markets as shown in Exhibit 1 below.

Exhibit 1: Avingtrans' business structure and markets

	Aerospace		Energy & Medical		Industrial
Subsidiaries	Sigma Precision Components	C&H Precision Finishers	Metalcraft	Crown International	JenaTec
Locations	Hinckley, UK Chengdu, China	Nottingham, UK Cheltenham, UK	Chatteris, UK Chengdu, China	Portishead, UK	Jena, Germany Nottinghamshire, UK & Atlanta, US
Markets Served	Global aerospace		Energy Nuclear decommissioning Scientific research Medical equip	Transportation Road construction	CNC machine tools Measurement & instrumentation Aerospace Medical equipment
Products / Services	<ul style="list-style-type: none"> Rigid pipe assemblies Precision manufactured components 	<ul style="list-style-type: none"> High tolerance polishing and finishing services 	<ul style="list-style-type: none"> Pressure and vacuum vessels Associated sub-assemblies and systems 	<ul style="list-style-type: none"> Roadside safety camera housings Track signalling gantries Roadside signage poles 	<ul style="list-style-type: none"> Large precision ballscrews Miniature precision ballscrews Spindles Linear motion actuation systems
Major Customers	<ul style="list-style-type: none"> Rolls-Royce Meggitt Eaton ITA GE 	<ul style="list-style-type: none"> Rolls-Royce Messier-Dowty (Safran) Alstom 	<ul style="list-style-type: none"> Cummins Siemens GE Sellafield Costain Magnox North 	<ul style="list-style-type: none"> Balfour Beatty Network Rail Serco Gatso Siemens 	<ul style="list-style-type: none"> E.ON Ford Nissan Cinetic Landis ERIKS

Source: Edison Investment Research

With a host of international blue-chip clients increasingly looking to outsource larger elements of their complex supply chains, we feel that Avingtrans has the opportunity to benefit from a structural shift to longer-term contracting with core trusted suppliers.

History – creating a precision engineering and machining group

Avingtrans reverted to a cash shell in 2000 with over £4m to pursue an acquisition strategy to provide shareholders with a long-term growth opportunity. The initial acquisition that formed the kernel of this strategy was the Jenaer group of companies, acquired from Ferraris Group plc in 2002. Since then a number of key events have created the current group:

- Acquisitions.** A number of subsequent acquisitions were undertaken to form a specialist precision manufacturing group. These encompassed Boneham & Turner Spindles (2003), Crown UK Ltd (2004), Stainless Metalcraft (Chatteris) Ltd from the Ferraris Group (2004), Sigma Precision Components Ltd (2006) and B&D Patterns Ltd (2006).
- Senior management changes.** Following this initial period of expansion, the board sought a new chairman and CEO to drive the next stage of the group's development. As a result, Roger McDowell was appointed Chairman in February 2008, followed by Steve McQuillan

as CEO in August 2008. This team joined the group at the beginning of the recession and has steered it through this difficult period. The focus was on controlling costs and ensuring the business was in a fit shape to emerge ready for the future opportunities.

Providing an increasingly global supply chain solution

Through the combination of European-based design and manufacturing and in-country Chinese supply, Avingtrans provides a unique capability for its size. This provides OEMs and Tier 1 suppliers with access to a trusted partner that can offer a flexible and appropriate structure to the supply of critical precision components. As a result, we feel Avingtrans has aligned itself with the trends witnessed in the markets it serves, namely the increasing globalisation of the supply chain and a desire to reduce the numbers of suppliers to improve efficiency. Avingtrans' main locations are shown in Exhibit 2 below.

Exhibit 2: Avingtrans' global locations



Source: Avingtrans

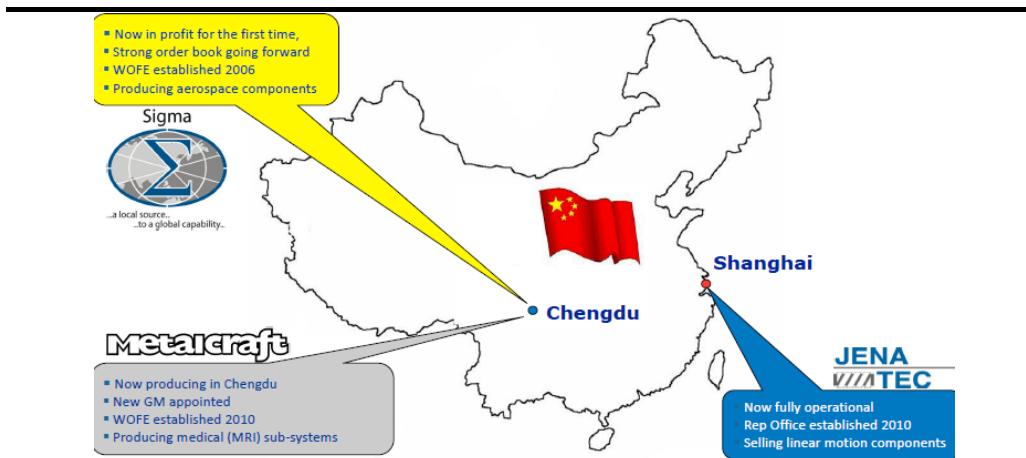
With many customers seeking to have both supply from and access to the fast-growth Chinese market, we feel Avingtrans' combination of a western engineering capability and a Chinese manufacturing base is attractive as it allows appropriately constructed supply chains to be developed.

Chinese supply chain not just about low cost

Through the 2006 acquisition of Sigma Precision Components and subsequent investment, the group has established an aerospace-focused components business in Chengdu, Central China, that now employs over 100 Chinese nationals. Avingtrans has since expanded to ensure all three of its largest businesses, Sigma, Metalcraft and Jena Tec, have a presence on the ground in this fast-growth market as shown in Exhibit 3 below. We believe that this is a key differentiator for Avingtrans in the short, medium and long term that few others in the supply chain can provide.

Exhibit 3: Avingtrans' presence in China

Note: WOFE = wholly owned foreign enterprise.



Source: Avingtrans

Further opportunity to expand in US

With an established base in Europe and China, and with the main target markets being truly global in nature, we feel the group has an opportunity to increase its presence in the US. The group, through Jena Tec US, currently has a series of distributor agreements for its products in the US for its industrial division. However, we view the opportunity to expand its supply further into the aerospace, energy and medical markets as a key long-term opportunity.

Strategy delivering new and enhanced contract wins

Through the implementation of the strategy, the group has positioned itself to win a number of new and enhanced contracts over the past few years that are set to provide embedded growth over the next 12 to 24 months. In addition, as Avingtrans increases its trusted-partner status in the supply chain, we are also seeing an increasing number of longer-term contracts being let that provide increasing visibility and allow the globalisation strategy to truly deliver improving performance and increasing returns for shareholders.

Exhibit 4 below shows the most significant contract wins of the past three years and highlights how the group is clearly demonstrating the interest generated by its renewed focus on operational performance, as well as the internationalisation agenda of its customers.

Exhibit 4: Recent significant contract wins

Date	Division	Customer	Value	Description
Feb-11	Aero (C&H)	Rolls-Royce	£5m	3-yr contract extension to provide precision surface polishing and finishing of a range of aerospace components.
Jan-11	Ind (Jena Tec)	European medical equip OEM	€2.2m	3-yr contract for high precision miniature ballscrews across a range of equipment.
Sep-10	Aero (Sigma)	Eaton	£8m	Long-term agreement to supply machined components and pipe assemblies worth £8m over 5 yrs.
Sep-10	Aero (Sigma)	Meggitt	£2m	Global purchasing agreement with Meggitt to supply precision machined components over 3 yrs.
Sep-10	E&M (Metalcraft)	Siemens	£5m p.a.	Manufacture precision machined formers for Siemens' next generation MRI systems.
Jul-10	E&M (Metalcraft)	Sellafield	£1.5m	First order for '3G' Melter Crucible under framework agreement for supply to Sellafield's Vitrification plant.
Jun-10	Ind (Moss Group)	Tier 1 UK Automotive	£0.7m	Design, manufacture and retrofit of a complete series of CNC machine tool systems.
Apr-10	E&M (Metalcraft)	Cummins	£8m	Supply of generator casings across a range of products for Cummins UK plant. 3-yr contract.
Jan-10	Aero (Sigma)	ITA	€4m	Supply of self-locking nut solution for jet engine assemblies. 4-yr contract.
Oct-09	Ind (Crown)	Balfour Beatty	£1.25m	30 large Verge Mounted Poles which will form part of the M4 motorway variable speed limit project.

Source: Edison Investment Research

The resultant effect on the group is a much greater visibility of the order book, which should, in due course, dampen the potential volatility in the earnings stream.

Divisional analysis

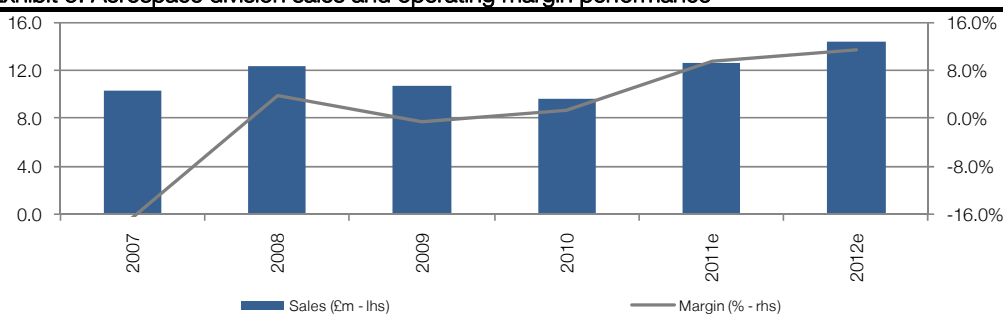
Avingtrans is structured in three divisions: Aerospace, Energy and Medical, and Industrial.

Aerospace (36% of H110/11 sales)

The Aerospace division was created through a series of acquisitions over the past decade, initially with C&H as one of the companies acquired from the Ferraris Group plc in 2002 and subsequently through the acquisitions of Sigma Precision Components and B&D Patterns (now renamed Sigma UK), both in 2006.

- **Sigma Precision Components.** Specialises in the manufacture and supply of rigid pipe assemblies and precision components through Sigma UK and China. Sigma has facilities in Hinckley, UK, and Chengdu, Central China.
- **C&H Precision Finishers.** Provides polishing and finishing services for a wide range of aerospace components including turbine blades and landing gear. C&H has facilities in Nottingham and Cheltenham, UK.

Exhibit 5: Aerospace division sales and operating margin performance



Source: Edison Investment Research

As can be seen in Exhibit 5, the growth in the aerospace division was delayed due to the recession and the subsequent slowdown in order intake. Likewise, development of the Sigma China business was also slower than originally anticipated, until recovery signals were significantly strong to continue investment. As a result, the drag from the Chinese operation held back operating margins over the past two years. However, this has turned the corner and, with significant contracts being won, the ramp-up will provide strong growth over the coming years.

Outlook

The H1 performance demonstrated that growth had returned to the UK and, importantly, that Sigma China had returned a six-month profit. With volumes beginning to ramp up on the new long-term contracts, revenues increased by 24% to £4.9m, which combined with the benefits of the strict cost control measures taken last year to generate an operating profit of £506k (2010: £4k). We expect that this improved performance will continue through to the full year. As volumes increase in China, the group is prudently investing in further capacity.

The long-term potential for the Aerospace division is clearly demonstrated by the increasing number of long-term contracts being awarded by global OEMs and Tier 1 customers. This vindicates the global strategy in our view, with the likes of Meggitt and Eaton highlighting that global

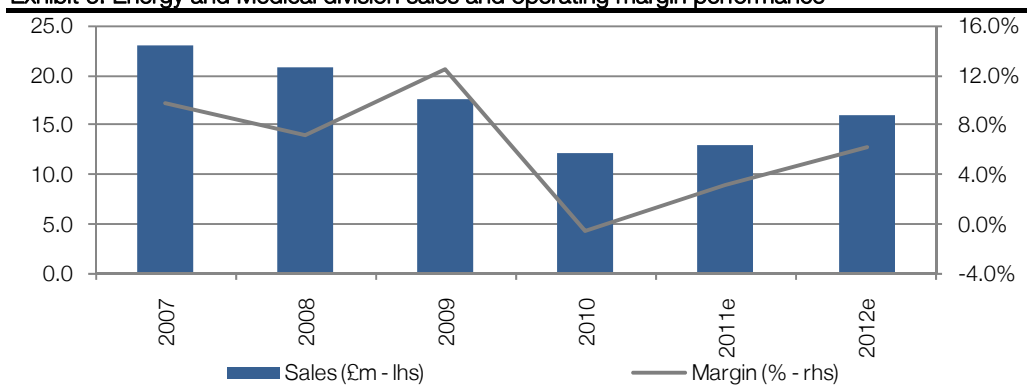
suppliers are wanted. We also feel that as such contracts are executed successfully, the potential for contract extensions and expansion will provide long-term growth. Likewise, as the reputation of the business grows, new customer opportunities will undoubtedly increase yet further.

Energy and Medical (35% of sales)

The main constituent of the Energy and Medical division is Stainless Metalcraft, acquired in 2004. In addition, the Crown International business, also acquired in 2004 is included in this division.

- **Stainless Metalcraft.** Metalcraft manufactures a wide range of safety critical equipment for the energy, medical, science and research communities. It specialises in precision pressure and vacuum vessels and associated sub-assemblies and systems.
- **Crown International.** Crown International designs and manufactures pole and support systems for roadside signage and safety cameras, rail track signalling and gantries.

Exhibit 6: Energy and Medical division sales and operating margin performance



Source: Edison Investment Research

Since 2007, the Energy and Medical division has been affected by the decline in the traditionally strong Magnetic Resonance Imaging (MRI) business with Siemens Magnet Technologies. This reduced due to a combination of a slowdown in spend on large medical equipment and a change in the supply chain approach. This was exacerbated by the impact of the recession, which also had a knock-on effect in the Crown business where delays to major transport infrastructure spend led to a decline in revenues.

Outlook

The H1 performance of Energy and Medical was affected by the longer lead times for larger projects at Metalcraft and the decline in the Crown business. Revenues therefore saw a modest recovery, up 3% to £5.9m, however it was not sufficiently strong to translate into H1 profitability, with the division suffering a small £74k loss. However, we believe that the performance in H2, driven by the commencement of the Cummins generator frames deliveries, should provide the impetus to allow the division to generate a profit over the year as a whole and offset a poor performance from Crown. The outlook is further supported by the build up in the new generation MRI contract with Siemens that should provide further impetus from H212.

Longer-term, while the Energy and Medical division has been slower to see the recovery than the other areas of the group, there are a number of supporting factors that provide Avingtrans with the opportunity to continue to develop its offering further. These combine its scarce capabilities and experience in areas such as nuclear decommissioning and large scale manufacture, as well as a manufacturing presence now established in China. As a result, we anticipate that, as recovery

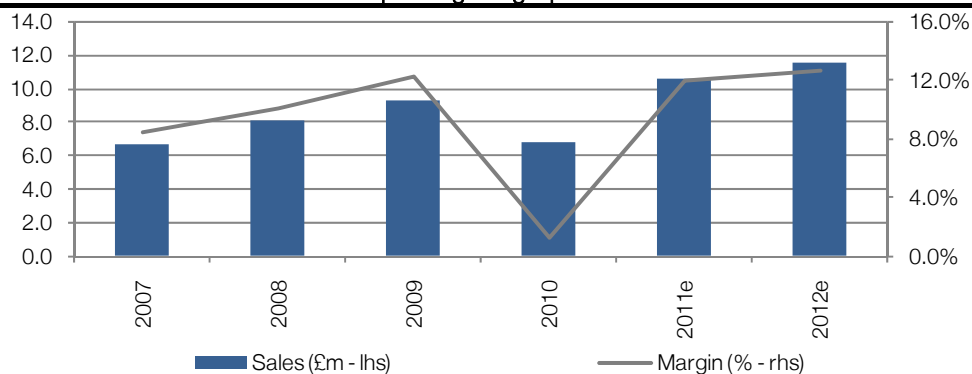
takes hold, the division has the ability to rapidly grow over the next decade, building on the strategic win of the next-generation MRI contract, which provides a substantial base of business on which to deliver further wins and efficiency improvements across the business.

Industrial (29% of sales)

The Industrial division contains the majority of the original businesses acquired from Ferraris Group, complemented by the acquisitions of Boneham & Turner Spindles in September 2003 and subsequently the trade and assets of Moss Group Automation in 2009, which added service and repair activities to the group. The Jena Tec structure includes:

- **Jena Tec (De).** Design and manufacture of precision ballscrews and related products for use in Computer Numerically Controlled (CNC) machine tools and precision instrumentation. The subsidiary has manufacturing facilities in Jena, Germany.
- **Jena Tec UK.** Markets the Jena Tec product range and, through the acquisition of Moss Automation, a repair and overhaul service in the UK market. JRT also designs and manufactures the Boneham & Turner (B&T) range of spindles and acts as the UK sales and service centre for GMN (Spindles) and other OEMs. Facilities are located in Nottinghamshire, UK.
- **Jena Tec US.** Provides sales and service support for the Jena Tec product range throughout North America.

Exhibit 7: Industrial division sales and operating margin performance



Source: Edison Investment Research

The industrial division had seen sustained growth up until H209, at which point it was severely hit by the recession with a significant fall in sales as overall industrial capital expenditure sank. This continued through to H210 and was accompanied by an associated margin reduction, despite the swift actions undertaken by management, due to the sheer scale of the fall.

Outlook

We view Jena Tec as the division driven to the largest extent by shorter-term economic patterns. As a result H1 saw a significant post-recession bounce-back in demand with order levels back to pre-recession levels and sales up 73% to £4.9m. The rebound was particularly strong in Germany, although growth was also seen in the UK and US. Operating profits rebounded positively to £538k (2010: £283k loss). We anticipate that this recovery will continue for the full year, supported by the order book, which was swelled by the division's largest ever contract (€2.2m) with a European medical equipment manufacturer, due to commence in Q411.

Jena Tec has a bright future in our view with the product range being expanded through the development of miniature ballscrews and a greater element of vertical integration occurring. This was demonstrated by the new valve actuation products installed at an E.ON power station. In addition, with investment in geographical reach having occurred in the US and, more recently, a representative office in China, greater global pull is also anticipated.

Sensitivities

Avingtrans shares many sensitivities that are common among component suppliers into global OEMs, as well as having a number relating to its strategy and approach to the market:

- **Economic activity:** As was clearly witnessed during the recession, there is a strong correlation between the overall global economic environment and the demand for many of the industries that Avingtrans serves. Management has demonstrated that it has the ability to react quickly in terms of maintaining an appropriate cost base, while at the same time preserving the necessary capabilities and skills within the business to ensure it can recover quickly and capitalise on the opportunities that presents.
- **Inflationary pressures:** With inflationary worries an issue in many areas of manufacturing, Avingtrans is not immune. However, it does have the ability to price contracts accordingly, depending on whether it is a project-based or long-term supply agreement. In certain cases escalators will be applied that can recover the majority of variable material costs on longer-term contracts, but this can be after a time lag.
- **Scale versus global operation:** With the nature of Avingtrans' operations spanning the globe, there is a concern regarding span of control and operational focus. It is essential therefore that there is good local management and this has been a key area of focus, as witnessed by the appointment of a new general manager at Metalcraft in China.
- **Quality and delivery:** Given the critical nature of the products delivered and the blue-chip client base, it is necessary to ensure that both quality and delivery schedule are achieved. On our site visit to Metalcraft in Chatteris, we were particularly impressed by the lean manufacturing principles and tools being used and we see this as an unusually advanced approach for this type of business, and one that aligns it with its customers.

Valuation

We believe that the current rating of c 11x CY11 EPS is taking into account some recovery as we have assumed in our forecasts. However, we feel that if Avingtrans can deliver on market expectations, a re-rating should occur to reflect the improving outlook.

Exhibit 8: Avingtrans sum-of-the-parts valuation

	Notional PAT (CY11 £m)	P/E	Value Notes (£m)
Aerospace	1.02	11.0	11 Commercial-focused UK Aerospace
Energy & Medical	0.52	12.5	6 Energy/Medical-focused component suppliers
Industrial	0.96	13.0	12 Discount to Renishaw
Net debt			(7) Current estimate
Equity value			23
Shares in issue			25
Implied fair value per share (p)			90

Source: Edison Investment Research

Our sum-of-the-parts derived valuation suggest a fair value of c 90p/share. We note that we have taken a prudent view on the recovery in the Energy & Medical division, and should it catch-up with the other divisions more quickly, a further valuation uplift would then be achievable.

Financials: Recessionary impact subsiding

The last few years have been affected by the severe recession and the subsequent impact on end market demand and manufacturing activity for Avingtrans. We believe that management has struck a balance between ensuring the business weathered the recessionary storm, while also maintaining the capabilities necessary to benefit from the upturn:

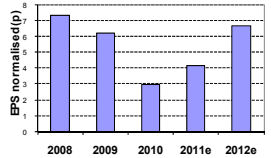
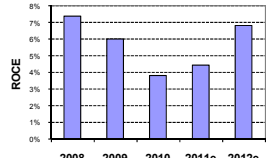
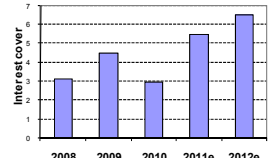
- **Earnings.** 2010 demonstrated the low-point of the cycle for Avingtrans. H1 signalled the recovery has begun with revenues up 25% and EPS up 50%. This was aptly demonstrated by the board's decision to reinstate the dividend at the full year and follow a progressive policy thereafter.
- **Cash flow.** The business has consistently generated cash throughout the recession through tight capital control and a focus on cash through the use of lean manufacturing. With this approach now ingrained, we feel that even as working capital is added back to support growth, cash conversion should remain higher than previously.
- **Balance sheet.** Management has worked hard to reduce the level of gearing substantially over the past three years culminating in a gearing of only 34% in H111, down from 80% in 2007. During this period, the group has continued to invest as appropriate and in new capacity in China and new equipment where appropriate, as in Metalcraft on the back of the Cummins contract. As a result, we feel the group is well positioned to benefit from the demand increases with the flexibility to develop capex as appropriate.

We note that management has signalled its willingness to consider appropriate acquisitions to add technology, products, capability or reach, in line with the strategy to create a global supply chain partner for its customers.

Exhibit 9: Financials

	£m	2008	2009	2010	2011e	2012e
Year end 31 May		IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Revenue		41.2	37.6	28.6	36.3	41.8
Cost of Sales		(30.3)	(27.4)	(21.1)	(26.0)	(29.9)
Gross Profit		10.9	10.1	7.5	10.3	11.9
EBITDA		4.0	4.1	2.3	3.3	4.5
Operating Profit (before amort. and except.)		2.7	2.7	0.9	1.9	2.9
Intangible Amortisation		(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Exceptionals		(0.0)	(0.1)	(0.0)	(0.0)	(0.0)
Other		0.0	0.0	0.0	0.0	0.0
Operating Profit		2.6	2.4	0.8	1.7	2.7
Net Interest		(0.9)	(0.6)	(0.3)	(0.3)	(0.4)
Profit Before Tax (norm)		1.9	2.1	0.6	1.5	2.4
Profit Before Tax (FRS 3)		1.7	1.8	0.5	1.3	2.2
Tax		(0.5)	(0.7)	0.1	(0.5)	(0.7)
Profit After Tax (norm)		1.3	1.4	0.8	1.1	1.7
Profit After Tax (FRS 3)		1.1	1.1	0.6	0.9	1.5
Average Number of Shares Outstanding (m)		17.6	21.9	25.5	25.5	25.5
EPS - normalised (p)		7.4	6.2	3.0	4.2	6.7
EPS - normalised and fully diluted (p)		7.4	6.2	3.0	4.1	6.7
EPS - (IFRS) (p)		6.5	5.1	2.4	3.4	6.0
Dividend per share (p)		0.0	0.0	0.0	0.4	1.2
Gross Margin (%)		26.5	27.0	26.1	28.4	28.5
EBITDA Margin (%)		9.7	10.9	8.2	9.1	10.7
Operating Margin (before GW and except.) (%)		6.6	7.1	3.3	5.1	6.8
BALANCE SHEET						
Fixed Assets		22.8	23.7	23.2	23.3	24.1
Intangible Assets		12.0	12.2	12.3	12.3	12.3
Tangible Assets		10.6	11.3	10.1	10.2	11.0
Investments		0.2	0.3	0.9	0.9	0.9
Current Assets		14.2	16.8	15.3	16.2	15.9
Stocks		6.5	7.0	6.6	6.9	7.2
Debtors		7.0	8.9	7.5	8.1	7.5
Cash		0.5	0.6	1.1	1.1	1.1
Other		0.2	0.3	0.1	0.1	0.1
Current Liabilities		(12.3)	(11.9)	(10.2)	(10.4)	(9.8)
Creditors		(7.8)	(7.1)	(6.3)	(6.6)	(6.0)
Short term borrowings		(4.5)	(4.8)	(3.9)	(3.9)	(3.9)
Long Term Liabilities		(8.6)	(7.6)	(6.7)	(7.1)	(6.9)
Long term borrowings		(6.8)	(6.0)	(5.1)	(4.3)	(4.1)
Other long term liabilities		(1.8)	(1.6)	(1.6)	(2.8)	(2.8)
Net Assets		16.2	21.1	21.7	22.0	23.4
CASH FLOW						
Operating Cash Flow		2.8	0.4	3.8	2.6	3.9
Net Interest		(0.9)	(0.6)	(0.3)	(0.3)	(0.5)
Tax		(0.8)	(0.1)	0.1	0.1	(0.5)
Capex		(0.6)	(2.0)	(0.8)	(1.5)	(2.4)
Acquisitions/disposals		(0.6)	(0.4)	(0.4)	(0.1)	(0.2)
Financing		0.0	3.7	0.0	0.0	0.0
Dividends		(0.2)	(0.1)	0.0	0.0	(0.2)
Net Cash Flow		(0.2)	0.7	2.3	0.8	0.2
Opening net debt/(cash)		10.5	10.8	10.1	7.8	7.1
HP finance leases initiated		0.0	0.0	0.0	0.0	0.0
Other		(0.1)	(0.1)	0.0	0.0	0.0
Closing net debt/(cash)		10.8	10.1	7.8	7.1	6.9

Source: Edison Investment Research

Growth	Profitability	Balance sheet strength	Sensitivities evaluation	
			Litigation/regulatory	○
			Pensions	○
			Currency	◐
			Stock overhang	○
			Interest rates	◐
			Oil/commodity prices	◐

Growth metrics	%	Profitability metrics	%	Balance sheet metrics	Company details		
EPS CAGR 08-12e	N/A	ROCE 11e	4.4	Gearing 11e	32.2	Address:	
EPS CAGR 10-12e	49.6	Avg ROCE 08-12e	5.7	Interest cover 11e	5.5	Precision House	
EBITDA CAGR 08-12e	2.6	ROE 11e	4.8	CA/CL 11e	1.6	Derby Road, Sandiacre	
EBITDA CAGR 10-12e	38.2	Gross margin 11e	28.4	Stock turn 11e	69.7	Nottingham, NG10 5HU	
Sales CAGR 08-12e	0.3	Operating margin 11e	5.1	Debtor days 11e	81.7	Phone	0115 949 9020
Sales CAGR 10-12e	20.9	Gr mgn / Op mgn 11e	5.5	Creditor days 11e	55.8	Fax	0115 949 9024
						www.avingtrans.plc.uk	

Principal shareholders	%	Management team
Nigel Wray	15.3	CEO: Steve McQuillan
R S McDowell's Pension Fund	9.0	Steve joined Avingtrans in October 2008 from Serco, where he held posts as MD of Serco Defence Operations and MD of the National Physical Laboratory. He has previously held senior roles at Oxford Instruments, Marconi Instruments and Mars, Inc. and was recently appointed one of three new non-exec members of the UK Atomic Energy Authority's board.
P McDowell's Pension Fund	9.0	
Helium Special Situations Fund	8.0	
Unicorn Asset Management Ltd	6.5	
SVG Investments Managers	3.9	
Aviva	3.3	CFO: Stephen King
Ken Baker	3.3	Stephen was appointed finance director and company secretary in September 2002. He joined from Pricewaterhouse Coopers where he was a senior manager in the Assurance and Specialist Transaction practice.
Forthcoming announcements/catalysts	Date *	Chairman: Roger McDowell
Preliminary results	Sep 2011	Appointed to the board as non-executive director on 22 February 2008, Roger McDowell became chairman, effective from 10 March 2008. He was MD of Oliver Ashworth Ltd. where he was instrumental in growing sales from £1m to over £100m and achieving a full listing on the London Stock Exchange. He has held a number of non-exec appointments in private and AIM-quoted companies predominantly in the engineering sector.
AGM	Oct 2011	
Interim results	Feb 2012	
<i>Note: * = estimated</i>		

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Lincoln House, 296-302 High Holborn, London, WC1V 7JH ■ tel: +44 (0)20 3077 5700 ■ fax: +44 (0)20 3077 5750 ■ www.edisoninvestmentresearch.co.uk
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