

Avingtrans plc

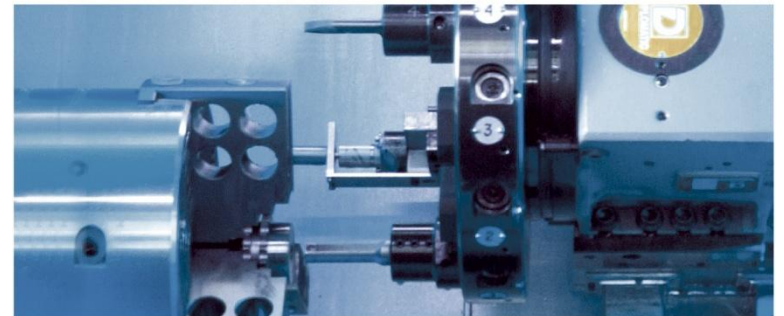
engineering technology group

Results for the 12 months
ended 31 May 2010

Presented by:

Steve McQuillan – *Chief Executive Officer*

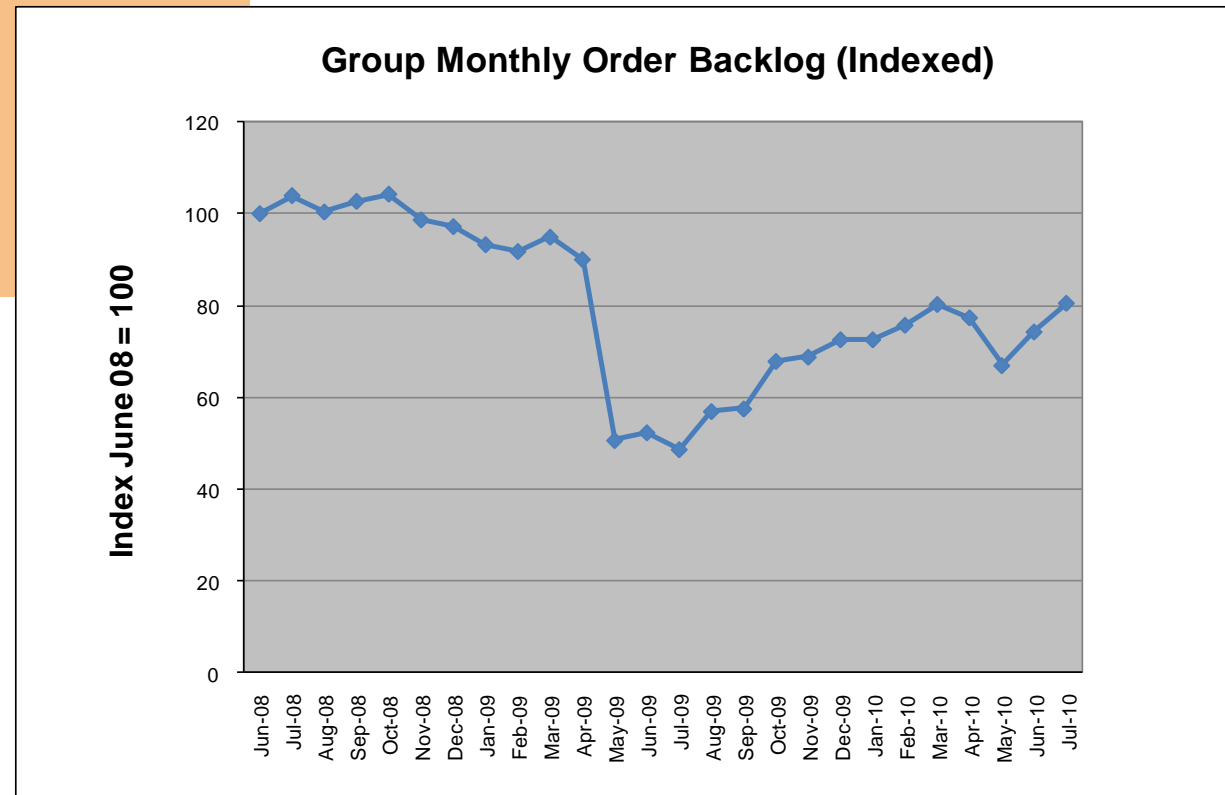
Stephen King – *Finance Director*



Highlights – A Difficult Year, but Orders Returning

- H2 Steady Improvement vs H1
- Order book recovering in all sectors
- Delays to new contracts affected results, as anticipated
- Sales mix also impacted results

Outcome in line with revised expectations



Highlights – A choppy, but improving second half

- **Aerospace**
 - Sigma China: significant year on year performance improvement
 - B&D renamed Sigma UK: strategic alignment completed
- **Energy and Medical**
 - Cummins contract at Metalcraft for Generator Frames belatedly ramping-up
 - Nuclear sector delays adversely affected second half results at Metalcraft
 - Crown delivered the £1.25m Balfour Beatty order for motorway signage
- **Industrial Products**
 - £0.5m UK utility contract successfully installed – further prospects in sight
 - Jena-Tec order book continues cyclic recovery – especially in Germany

Financial Highlights

- **Turnover** decreased 24% year on year to **£28.6m** (2009: £37.6m)
- **Gross Profit Margin 26%** (2009: 27%) remained resilient on lower turnover
- **EBITDA £2.5m** (2009: £4.1m)
- **EPS 3.0p** Fully diluted adjusted (2009: 6.2p)¹
- **Cash flow** from operations up to **£3.8m** (2009: £0.4m)
- **Net debt** reduced to **£7.8m**, (2009: £10.1m). **Gearing** reduced to **36%** from 48%

¹ – fully diluted earnings per share adjusted to add back amortisation of intangibles from business combinations and exceptional items

Profit and Loss Account

		FY10	FY09
		£m	£m
Turnover		28.6	37.6
Gross Profit		7.5	10.1
Gross Profit margin		26%	27%
EBITA		0.9	2.6
EBITA Margin		3.3%	6.8%
PBT (pre-goodwill)		0.6	2.0
EPS	Adj. Fully Dil. ¹	3.0p	6.2p
	Basic	2.4p	5.1p

¹ – fully diluted earnings per share adjusted to add back amortisation of intangibles from business combinations and exceptional items

Balance Sheet

	FY10	FY09
	£m	£m
Fixed Assets	10.9	11.5
Goodwill	10.2	10.2
Other Intangible	2.0	2.0
Working Capital	8.3	9.5
Tax	(0.4)	(0.5)
Net Debt	(7.8)	(10.1)
Deferred Consideration	(0.1)	(0.2)
Deferred Tax	(1.4)	(1.3)
Net Assets	21.7	21.1
Gearing	36%	48%

Cash Flow

	FY10	FY09
	£m	£m
EBITDA	2.5	4.1
Net Working cap	1.3	(3.7)
Interest, Tax and Other	(0.3)	(0.8)
Capex	(1.2)	(2.4)
Acquisitions	-	-
Dividends	-	(0.1)
New Equity	-	3.6
Net Cash Flow	2.3	0.7
Opening Net Debt	(10.1)	(10.8)
Foreign Exchange	-	-
Closing Net Debt	(7.8)	(10.1)

Aerospace Division

The Aerospace Division specialises in rigid pipe assemblies and precision components, integrating these capabilities with a global aerospace supply chain proposition from Sigma in China. C&H precision polishes a range of aerospace components.

	FY10 £m	FY09 £m	Change
Turnover	9.6	10.7	-10%
EBIT	0.1	(0.1)	
EBIT Margin	1%	(1%)	

Sigma UK (B&D) completes transition to future state:

- Eaton Long Term Agreement signed worth **£8m** (over 5 yrs)
- Meggitt LTA also signed, securing **£2m** (over 3 yrs)
- Warranty claim resolved (£0.9m net receipt)



Sigma China significantly improves performance in FY10:

- Order book strengthens – eg Moog LTA (**£1m**)
- Losses greatly reduced – periodically profitable

C&H experiencing cyclic restocking:

- First deliveries of new business with key OEM (**£0.5m pa**)
- Business developing in power sector – eg with Alstom



Energy & Medical Division

Metalcraft focuses on precision pressure vessels and machined and fabricated components for Energy and Medical Markets and other sectors. Crown designs & manufactures infrastructure equipment for road and rail safety applications

Metalcraft UK second half stabilised after poor H1

- New business from Siemens worth **£5m** per annum by 2012
- Cummins 3-yr contract (**£8m**) signed and deliveries ramping up
- Nuclear sector delays negatively impacted FY10 results
- Approved by AREVA & Westinghouse for nuclear new-build

Metalcraft China signs up Siemens as part of new contract

Crown - novel roadside signage wins 2 major industry awards:

- **£1.25m** Balfour Beatty contract successfully delivered
- UK Safety Camera market decline will impact FY11

	FY10 £m	FY09 £m	Change
Turnover	12.2	17.5	-30%
EBIT	(0.1)	1.6	
EBIT Margin	(0%)	9%	

Metalcraft



crown

INTERNATIONAL

Industrial Products Division

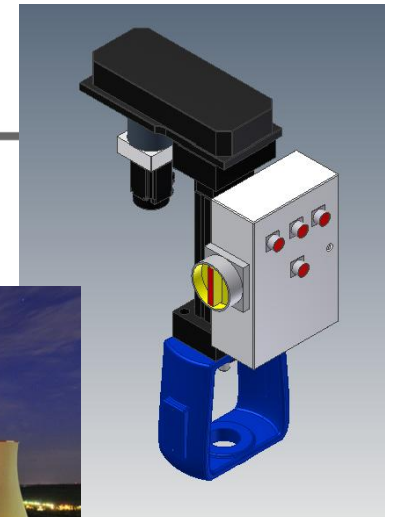
Jena-Tec designs, manufactures and services Precision Ballscrews, Spindles and Linear Motion actuation systems for automation and control of CNC machines and precision instrumentation

Jena-Tec orderbook improved markedly in the second half:

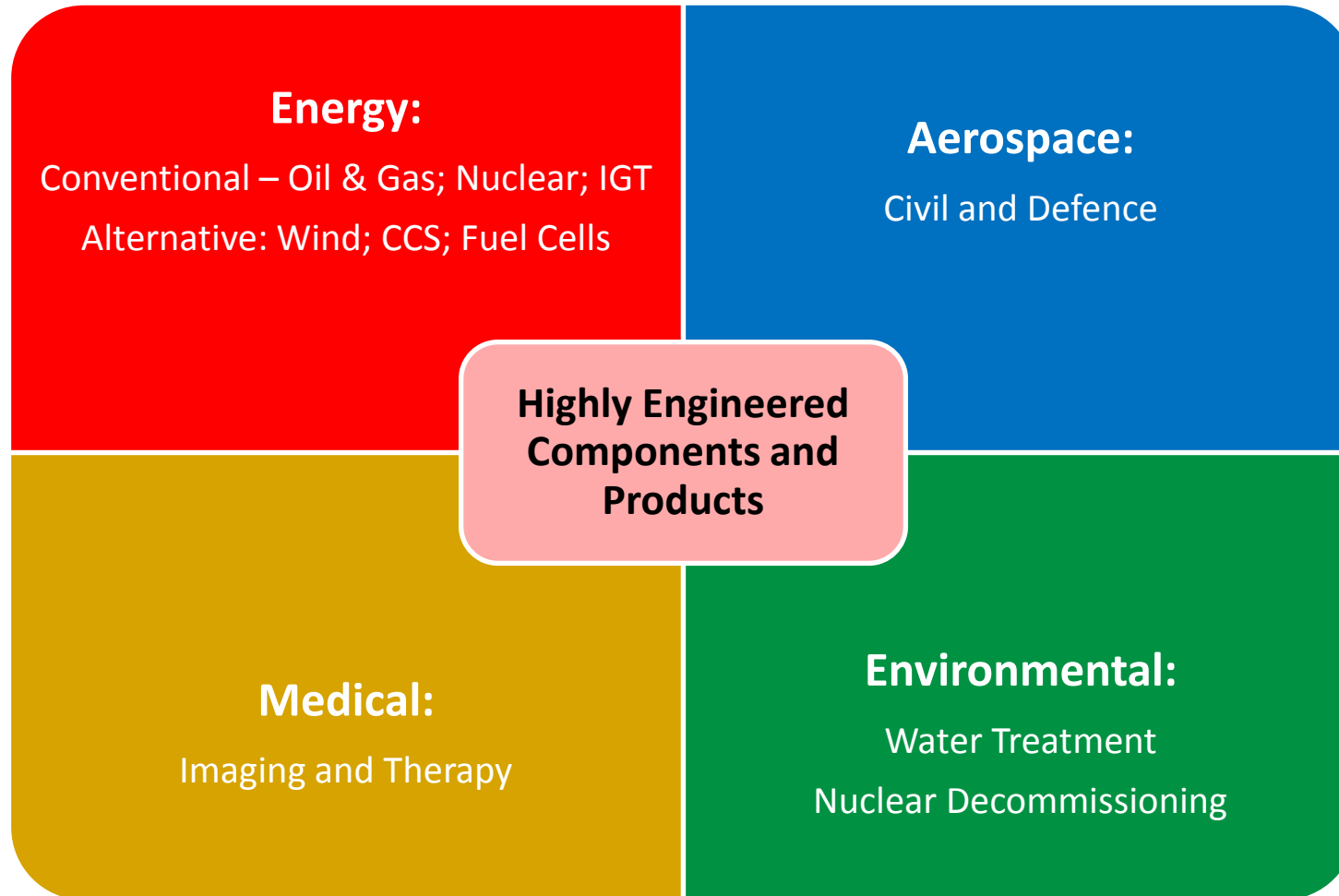
- **Cyclical recovery** continues, especially in Germany
- **Vertical integration:** £0.5m contract with UK utility installed
 - ▶ Further prospects in sight for FY11
- **Jena-Tec China** commencing operations in FY11
- New Market sectors developing:
 - ▶ First modest contract win in **Aerospace** sector
 - ▶ Further new customers in **Medical** equipment market
- **Specialist support services** contract win worth £0.6m

	FY10 £m	FY09 £m	Change
Turnover	6.8	9.3	-27%
EBIT	0.1	1.1	
EBIT Margin	1%	11%	

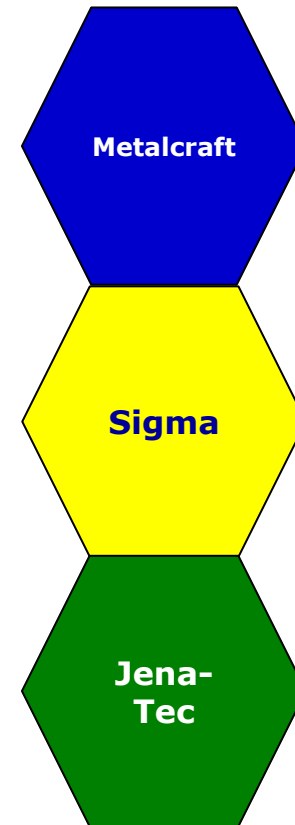
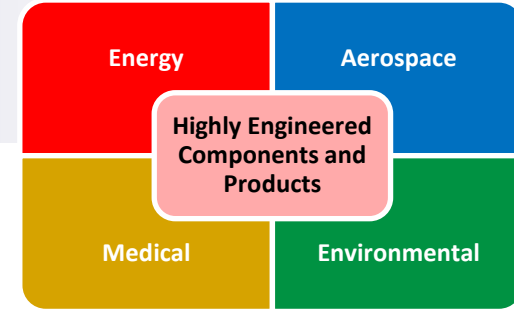
JENA
TEC



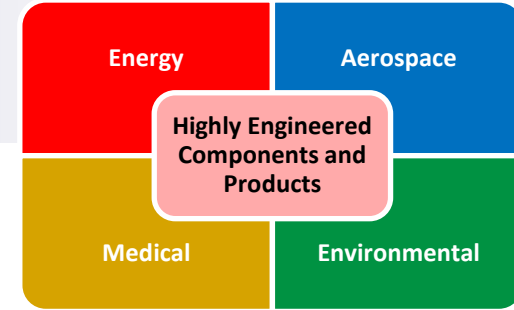
Strategic Focus - Winning Business in Growth Sectors



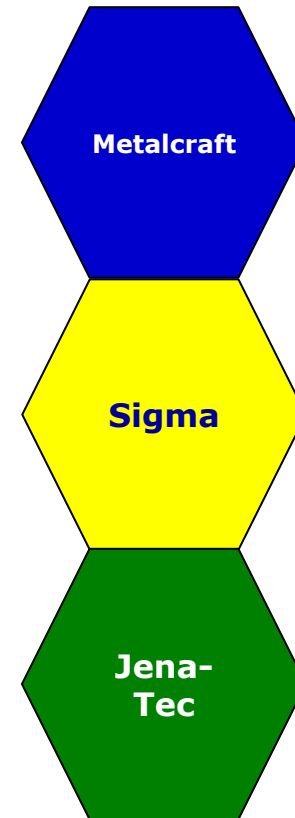
Strategic Focus – Worldwide OEM Support



Strategic Focus – Clear Customer Requirements



- 1 • We have **Clarity** on chosen **Sectors** and **Geography**, which leads to...
- 2 • **Key Customers** to develop and attack, thus defining...
- A • **Product and Service Offerings:**
 - Broader product portfolio, Vertical Integration, Service Solutions
- B • **Capability** enhancements required – eg:
 - Lean; NPI; Design for manufacture; IPR; etc
- C • **Partnership** and **Acquisition** criteria



- The **second half recovery** gives us a base to build on in FY11
- Our Strategic Platform remains strong with our **Major Customers**:
 - **New LTAs** were signed with major OEMs during FY10... and now in FY11
- **Avingtrans** is clearly focused on attractive global growth markets:
 - And group businesses have developed their **global reach** in FY10
- We are **confident** about medium to longer term prospects:
 - Key **contract wins** in Power, Aerospace, Nuclear and Transport sectors
- **We remain keenly focused on maximising shareholder value**