

RESULTS: 12 months ended May 2017

Steve McQuillan – Chief Executive Officer
Stephen King – Chief Financial Officer

Transitional year navigated successfully

- ✓ Revenue from continuing operations increased by 7% to **£22.7m** (2016: £21.2m)
 - ✓ Adjusted Group EBITDA advanced by 104% to **£0.7m** (2016: £0.4m)
- ✓ Adjusted profit before tax saw modest improvement to **£0.3m** (2016: £0.1m)
 - ✓ Adjusted diluted EPS from continuing operations 1.1p (2016: 1.0p)
 - ✓ Cash **outflow** from operating activities **£3.3m** (2016: £7.8m inflow)
*NB - following payment of **Aerospace disposal costs** post year end*
 - ✓ Net cash **£26.4m** (31 May 2016: net cash £51.0m)
*NB - following tender offer, which returned **£19.4m** to shareholders*
- ✓ Full year dividend increased by 6%, to **3.4p** per share (2016: 3.2p)

Operational Highlights

- ✓ Improving sales in continuing businesses, driven by the Energy division
- ✓ First Sellafield 3M3 (three metre cubed) box prototype delivered and approved
 - ✓ Chatteris facilities redevelopment for Sellafield is **on time and on budget**
- ✓ Order book strengthened:
 - ✓ **£11m**, 3-year contract extension with Sellafield for 3M3 boxes
 - ✓ **£9m**, 10-year contract with CAS Oxford, Wuhan, China for NMR cryostats
- ✓ China facility gearing-up for new contracts with CAS Oxford and Bruker
- ✓ **Scientific Magnetics** and **Whiteley Read** acquisitions integrating as planned
- ✓ Post year end – transformative acquisition of **Hayward Tyler Group plc (HTG)**

Progressing to plan so far...

- ✓ Balance sheet stabilised
- ✓ High cost debt – e.g. loan notes – repaid
- ✓ Banking facilities renewed in the UK and USA
- ✓ Duplicate board and advisory costs removed
 - ✓ Creditor overhang eliminated
 - ✓ Strategy refresh underway
 - ✓ Product portfolio being reshaped
- ✓ Restructuring expected to be completed in the first half

Energy Division: designs and manufactures safety critical equipment for the energy sectors, including oil and gas extraction and nuclear process plant, pressure and vacuum vessels and components.

- ✓ Strong sales growth and improving margins
- ✓ Chatteris refurbished for Sellafield decommissioning work load
 - ✓ Set-up for 3M3 boxes progressing to plan
 - ✓ 3M3 box production expected to commence in 2018
 - ✓ **£11m** contract extension won for 3M3 boxes
- ✓ Work commenced on EDF nuclear fleet life extension contract
- ✓ Whiteley Read Engineering (assets acquired Dec 2016):
 - ✓ Significant order from Storengy for energy storage project.
- ✓ Post year end HTG acquisition greatly augments Energy division
- ✓ Crown - new order won with Fluor, worth **£1.7m**



	FY17 £M	FY16 £M	CHANGE
Turnover	12.6	10.9	16%
EBIT	0.5	0.2	185%
EBIT %	4%	2%	

Medical Division: designs and manufactures safety critical equipment for the medical, biomedical and science sectors.

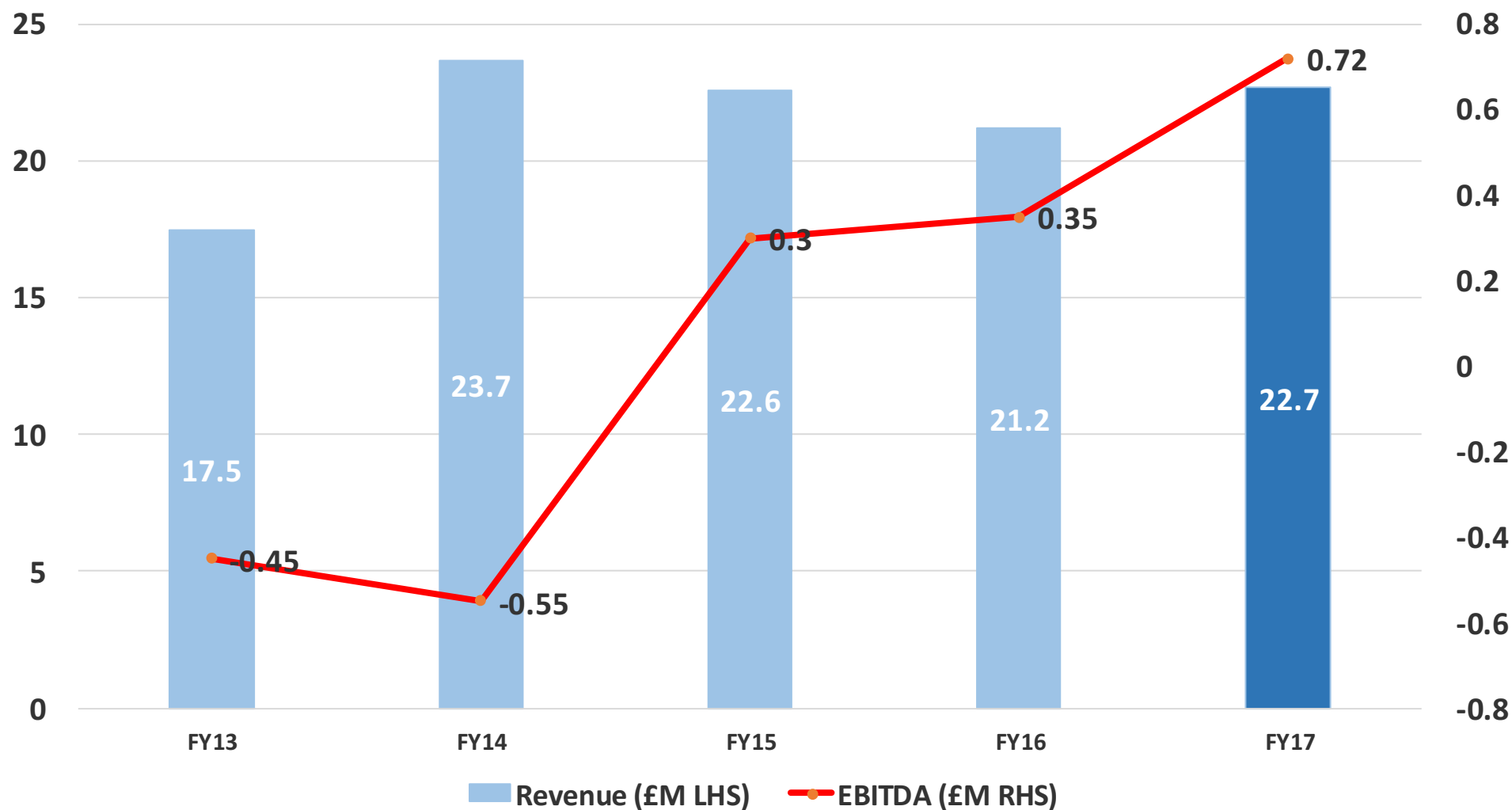
- ✓ Overall sales flat, but margins improving
- ✓ Core MRI business steady
- ✓ China seeing continued improvement in prospects
 - £9m, 10 year contract in Wuhan, China for NMR cryostats
 - Contract with Bruker progressing, though slower than planned
- ✓ Composite Products performance hampered by technical issues
 - ✓ Began deliveries to Rapiscan, but behind plan for the year
- ✓ Scientific Magnetics Ltd, Abingdon (acquired in Feb 2017):
 - Niche supplier of superconducting magnets and cryogenics
 - Rebuilding order book with new clients and prospects



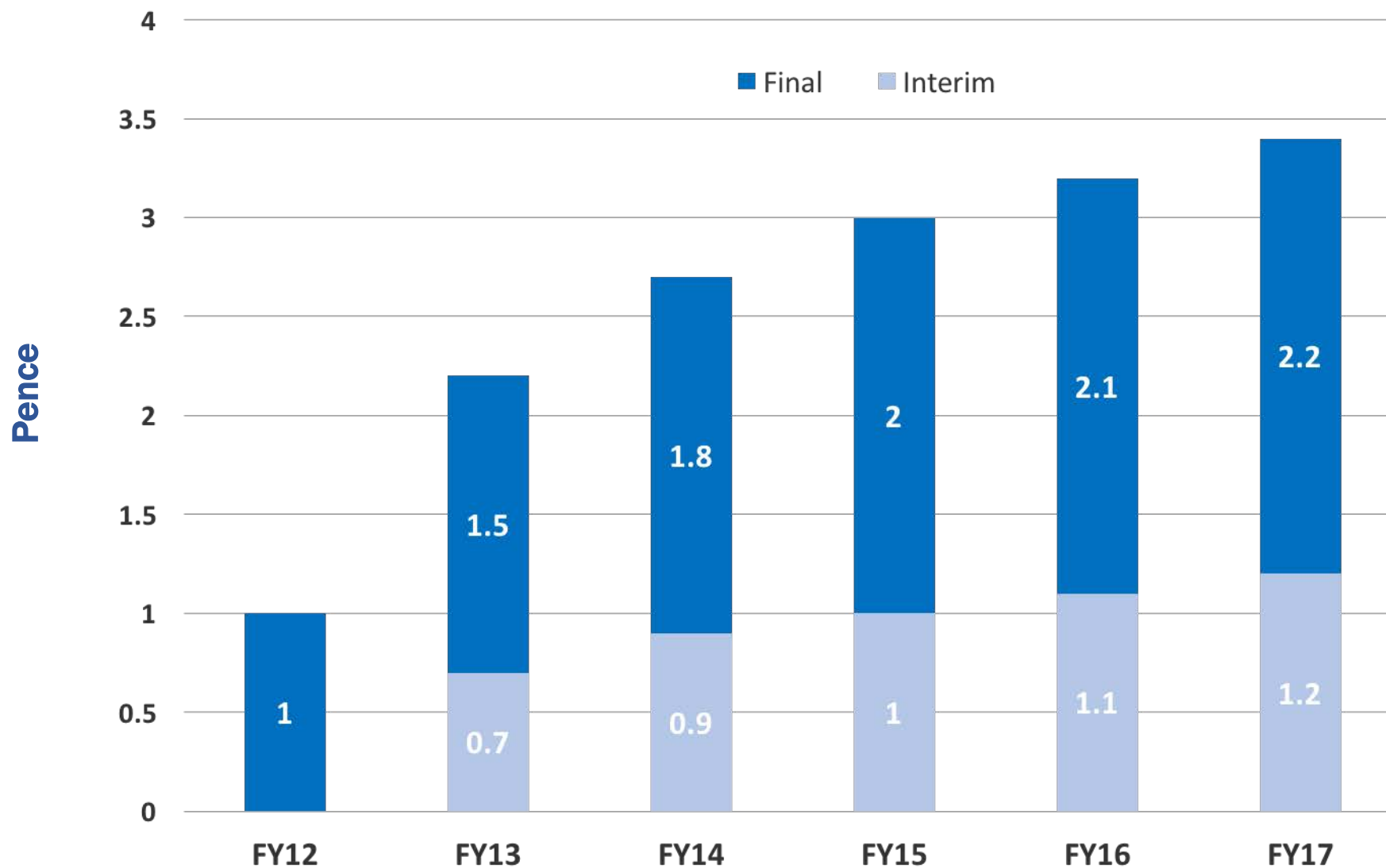
	FY17 £M	FY16 £M	CHANGE
Turnover	10.1	10.3	-2%
EBIT	0.4	-0.2	N/A
EBIT %	4%	-2%	

Financials

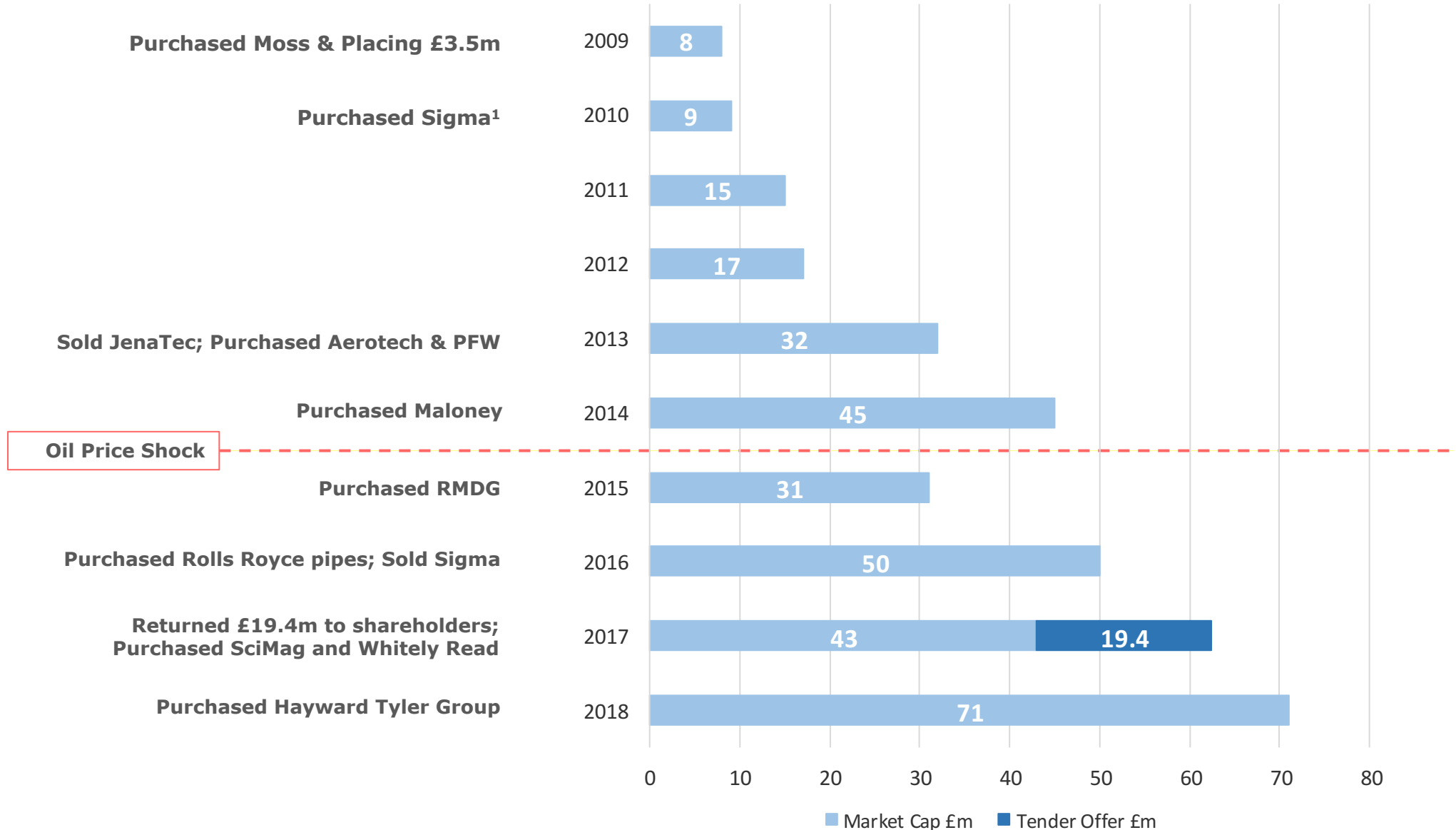
5 year history: revenue and EBITDA (ex. Sigma)



adjusted to continuing operations (excluding Sigma)



Value creation record



¹ Remaining 25% of Sigma

Profit and Loss Account

		FY17	FY16
		£m	£m
Revenue		22.7	21.2
Gross Profit		4.1	3.1
Gross Profit margin		18%	15%
 Adjusted EBITDA		 0.7	0.4
Adjusted EBITDA margin		3.2%	1.7%
 Adjusted profit before tax		 0.3	0.1
(Loss)/profit after tax		(0.3)	0.4
 EPS – Continuing	Adj. Fully Dil. ¹	 1.1p	1.0p
	Basic	(1.3)p	1.5p

¹ – fully diluted earnings per share adjusted to add back exceptional items

Balance Sheet

	31 May 2017	31 May 2016
	£m	£m
Fixed Assets (including assets held for sale)	4.9	4.7
Goodwill	5.2	4.6
Other Intangible	1.4	0.9
Working Capital	7.4	3.7
Provisions	-	-
Tax	0.1	-
Net Cash	26.4	51.0
Contingent consideration	(0.3)	-
Deferred Tax	(0.2)	(0.1)
Net Assets	44.9	64.8
Net Cash to Equity	59%	79%

	FY17	FY16
	£m	£m
Total EBITDA	0.4	6.6
Net Working cap	(3.4)	2.5
Interest, Tax and Other	-	(0.8)
Dividend	(0.9)	(0.8)
Issue of new shares	0.6	-
Disposal/(acquisition)	(0.6)	50.2
Purchase of shares – Tender buyback	(19.4)	-
Capex	(1.1)	(0.5)
Net Cash Flow	(24.4)	57.2
Opening Net Cash/ (Debt)	51.0	(5.9)
Net Debt on Acquisition	(0.2)	-
Foreign Exchange	(0.2)	(0.3)
Closing Net Cash /(Debt)	26.4	51.0

Divisional Overview: Energy



Our markets (Energy)



Oil & Gas / Downstream



Oil & Gas / Upstream



Chemical & Processing



Defence



**Power Gen /
Fossil**



**Power Gen /
Nuclear + Decommissioning**



**Power Gen /
Clean + Renewables**



**De-centralised Energy
Production + Storage**

ENERGY Division

Performance-critical solutions for energy systems

We design, engineer, manufacture and service **performance-critical power, pump, process and storage solutions** for the global energy sector.

Our product portfolio of specialist motors, pumps, turbines, compressors pressure vessels and containers are integrated into systems with the most demanding applications in the harshest of environments across the globe.



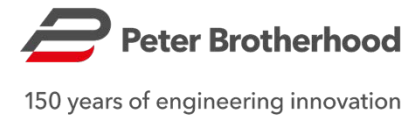
Energy systems solutions



ENGINEERING
EXCELLENCE
1815 - 2015



Market leader in the design, manufacture and servicing of performance-critical motors and pumps for the harshest of environments.



Specialist turbines and compressors for power generation, marine, sugar, petrochemical and processing, waste-to-energy power plants, combined heat and power (CHP) and oil & gas markets.



Design, systems integration and project management of O&G, Chemical and Nuclear transport, storage and processing solutions.



Design and manufacture of pressure vessels, storage containers and generator housings.



Skid and Module Packages, Pressure Vessels, Shell and Tube Heat Exchangers, Pipe Work, Structural Steelwork.

Product suite

Integrated energy systems - design, engineer, manufacture and service.

POWER



Steam Turbines



Subsea motors



Submersible motors



CHP & Gas-to-Power



Permanent magnet generators

PUMP



Boiler circulating pumps



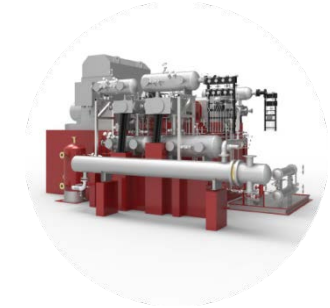
Gear Pumps



Canned Motor Pump /
Canned Motor Retrofits



ASME S3
Heat Exchangers



Reciprocating
Gas Compressors

PROCESS



System solutions for gas
storage and transmission



Process and treatment
pressure vessels



Process solutions

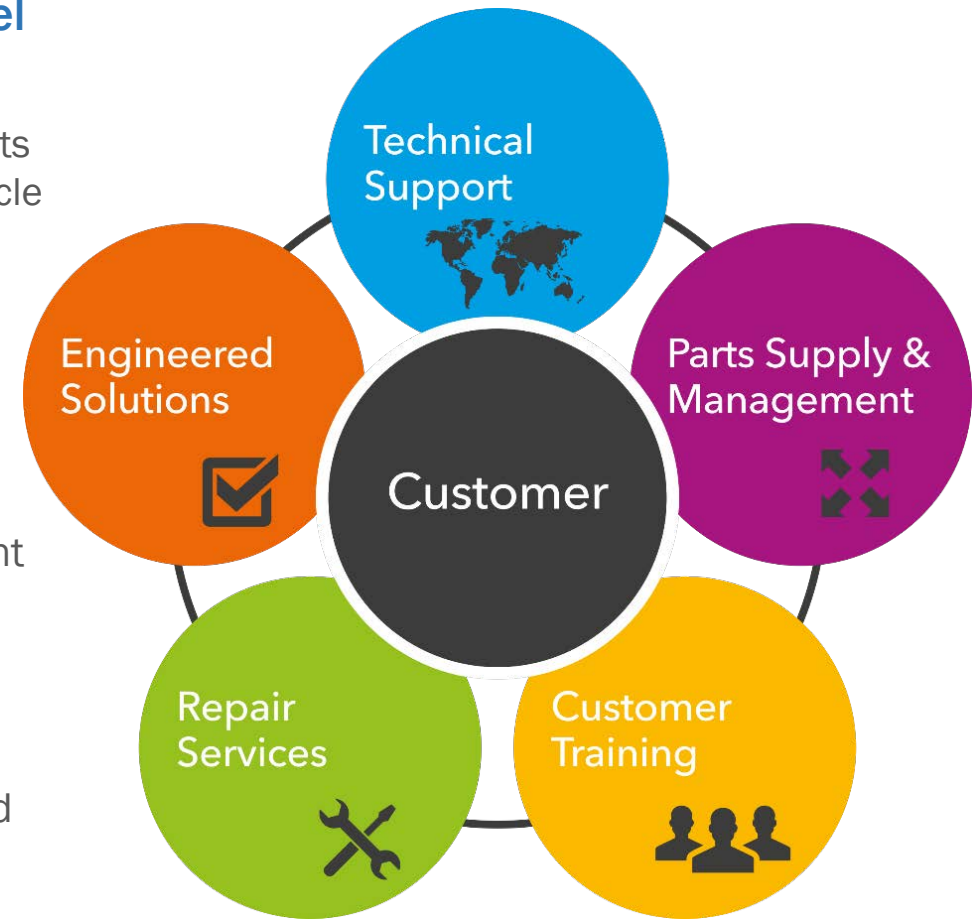
Service, Maintenance & Repair

The Five Dimensional (5D) through-life support model – developed around customer needs

Designed to be simple, but comprehensive and covers all aspects of support for customers that might be needed during the lifecycle of owning, operating and maintaining their machinery.

5D brings the following benefits:

- Maximum reliability and availability of customer equipment
- Lower and more predictable cost of ownership
- Support for the extended life of machinery
- Predictable machine operation and maintenance
- Correct spare parts, available at the right time
- The assurance that support will be available when needed



STRATEGIC ALLIANCES

FMC Technologies

- Global market leader in subsea systems
- HT is manufacturing permanent magnet motors for use in FMC's 3.2MW subsea pump systems
- Orders already received
- Dedicated test facility will give rise to further process capability and an additional separable revenue stream



上海阿波罗机械
**SHANGHAI APOLLO
MACHINERY**

- Number 1 nuclear pump manufacturer in China
- HT and Apollo will co-develop pumps for China SMR programme
- HT will sell and co-manufacture Apollo pumps into international nuclear markets including the UK
- HT and Apollo will co-develop pumps for Gen IV reactors and nuclear Fusion



- Leading Japanese manufacturer of pumps for energy, oil and gas, and general industry sectors
- HT will supply BCPs and other products
- Over 40 coal fired power stations planned to be built in Japan during the next decade
- Order received for submersible motor for application in municipal water supply in USA

Strategic alliances enhance:

- Product portfolio
- Customer relevance
- Global reach

Preferred Supplier Agreements:

- Give a long-term view of the business opportunities
- Allow collaborative planning to grow in a specific market

Preferred Supplier Agreements include:

EUREKA

Eureka Pumps

- joint offering of submersible motors and pumps to the upstream O&G markets globally

SIEMENS

Siemens

- gearbox manufacture for Siemens packages across the globe



Tomco

- servicing specialists in South Africa for Peter Brotherhood install base

Divisional Overview: Medical



Medical Overview

Medical imaging and diagnostics markets showing strong growth potential, due to demographics of growing and aging world population

Metalcraft - cryogenic vacuum vessels

- Pedigree spanning 40 years
- Niche market leadership in:
 - magnetic resonance imaging (MRI)
 - nuclear magnetic resonance (NMR)
 - proton therapy and related markets

Scientific Magnetics – superconducting magnets

- Adds considerable technological expertise in MRI and NMR magnet technology and cryogenics

Composite Products – composite structures

- Expertise in design and manufacture of highly specialised composite structures



- Superconducting magnets and cryogenics
- Acquired for £0.35m in February 2017
- Turnover £2.0m; PBT£41k (June 2016)
- Based in Abingdon, Oxfordshire
- 15 employees, 1000m² facility
- Products used for:
 - MRI/NMR systems
 - Solid state physics instruments
 - Magnetic separation systems
 - Government research labs / universities
- Customers include:
 - Siemens; Samsung; Eriez; Oxford University



- Composite structures for industrial & medical products
- Based in Buckingham
- 10 employees, 1000m² facility
- Manufacturing composite parts and assemblies for:
 - X-ray systems
 - MRI systems
 - Defence applications
- Customers include:
 - Rapiscan; Siemens; Thales



Composite Products Ltd

Summary

- ✓ **Successful navigation of tricky transitional year, post aerospace disposal**
- ✓ **Strong order book growth from existing businesses – Energy and Medical**
 - ✓ Sellafeld 3M3 project on plan: technically, operationally and commercially
 - ✓ Good potential for Medical from recently won contracts
- ✓ **Strong balance sheet – net cash at year end was over £26m**
- ✓ **Clear strategy for organic growth and added value through M&A**
 - ✓ Pinpoint-Invest-Exit (PIE) strategy on track – 2 small acquisitions completed
 - ✓ Post year end – acquisition of HTG for £29.4m, excl. debt and costs
- ✓ **Progressive dividend policy reaffirmed – 6% increase**



Avingtrans plc

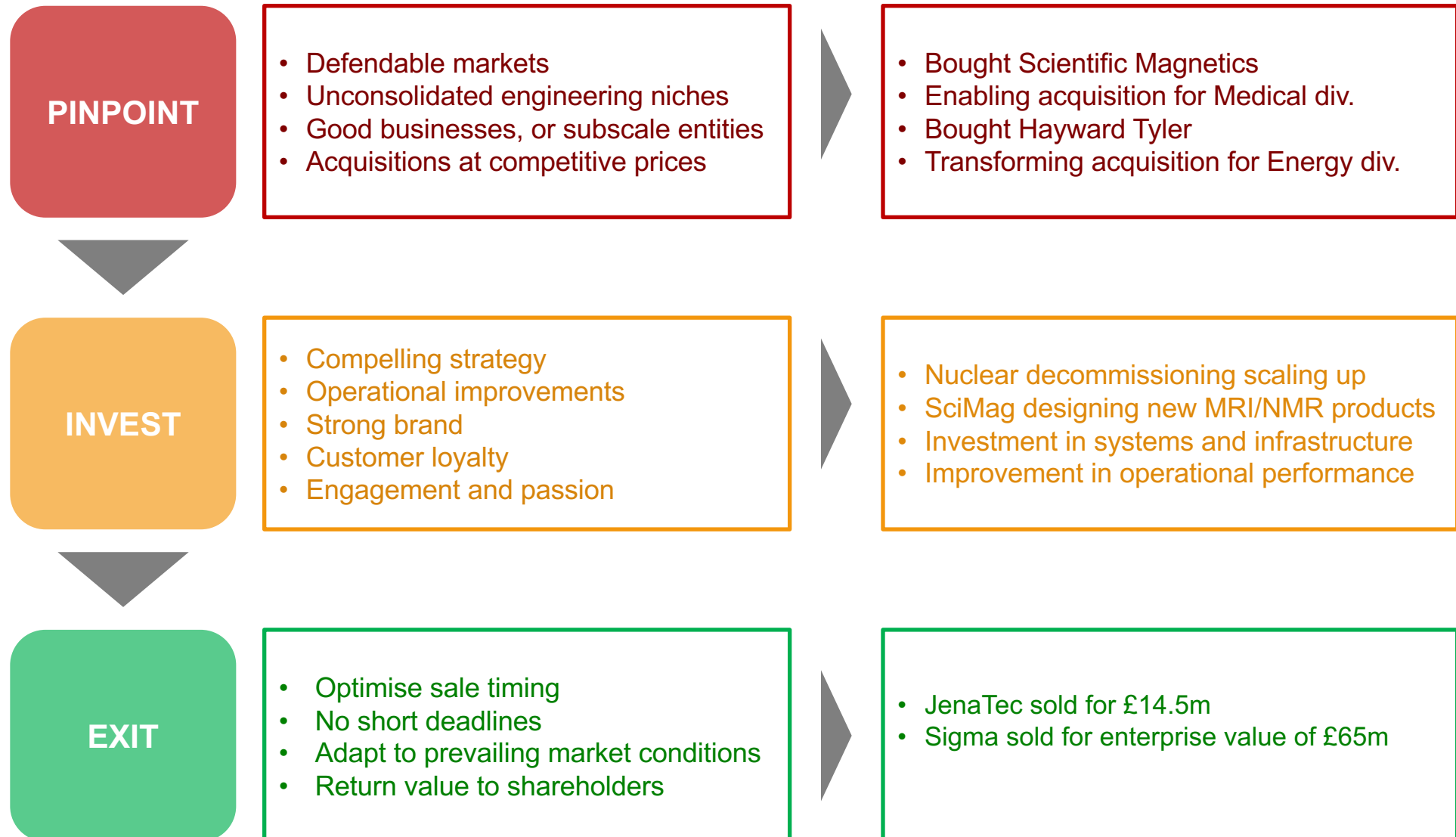
engineering technology group

- ✓ Compelling Pinpoint-Invest-Exit Strategy
- ✓ Niche market leadership positions
- ✓ Consistent shareholder returns



Appendix

M&A strategy (PIE)



Brand	Acquisitions	Bought for £m ¹	Sold for £m ¹
	JRT Ltd JenaTec Inc JGWT GMBH Boneham & Turner Moss Group	4.0 (FY02 - FY09)	14.5 (FY13)
	Sigma Components B&D Patterns C&H Composites Eng Group Aerotech Tubes PFW Farnborough RMDG Rolls Royce Nuneaton Rolls Royce Xi'an	22.0 (FY07 - FY16)	65.0 (FY16)

¹ – Enterprise Value

Adjusted EBITDA

	FY17	FY16
	£'000	£'000
(Loss)/profit before tax	(285)	245
Share based payment expense/Amortisation of business combinations	34	21
Acquisition Costs	101	-
Restructuring costs	182	271
Tender share buyback costs	226	-
Profit on disposal of property	-	(446)
Adjusted profit before tax	258	92
Finance income	(219)	(554)
Finance cost	38	82
Adjusted EBITA (profit/(loss) before interest, tax and amortisation)	77	(380)
Depreciation	525	505
Amortisation of other intangible assets	120	229
Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation)	722	354

Shareholder	% of issued share capital owned
Nigel Wray	9.8
Funds Managed by Unicorn Asset Management Ltd	6.3
Harwood Capital	6.2
R S McDowell's Pension Fund	4.6
Funds Managed by RBC Trustees Limited	4.5
P McDowell's Pension Fund	4.0
Other Board Members	3.9
Funds Managed by LGT Bank	3.3
Funds Managed by Close Asset Management Ltd	3.0

Blue chip key accounts





Low cost sourcing strategy appealing to OEM customers