

**Results for the 12 months  
ended 31 May 2016**

**Steve McQuillan** – *Chief Executive Officer*

**Stephen King** – *Chief Financial Officer*



## Performance dominated by Aerospace sale

- **Aerospace** division sold for an enterprise value of **£65.0m**
  - Followed prior **acquisition** of Rolls Royce Nuneaton and Xi'an for **£3.5m**
- **Energy & Medical**
  - Sellafield 3M3 decommissioning activities proceeding to plan
  - Nuclear life extension contract win with EDF, post period end ( **£3.5m/3y**)
  - Contract wins with Bruker and Rapisan (**£3m/3y** each)
  - Restructuring proceeded to plan, to optimise cost base
  - Maloney Metalcraft – manufacturing site sold - **£1.1m** net
  - Substantial investments: Epicor IT systems; site upgrades
  - Over **£0.5m** invested in the continuing operations

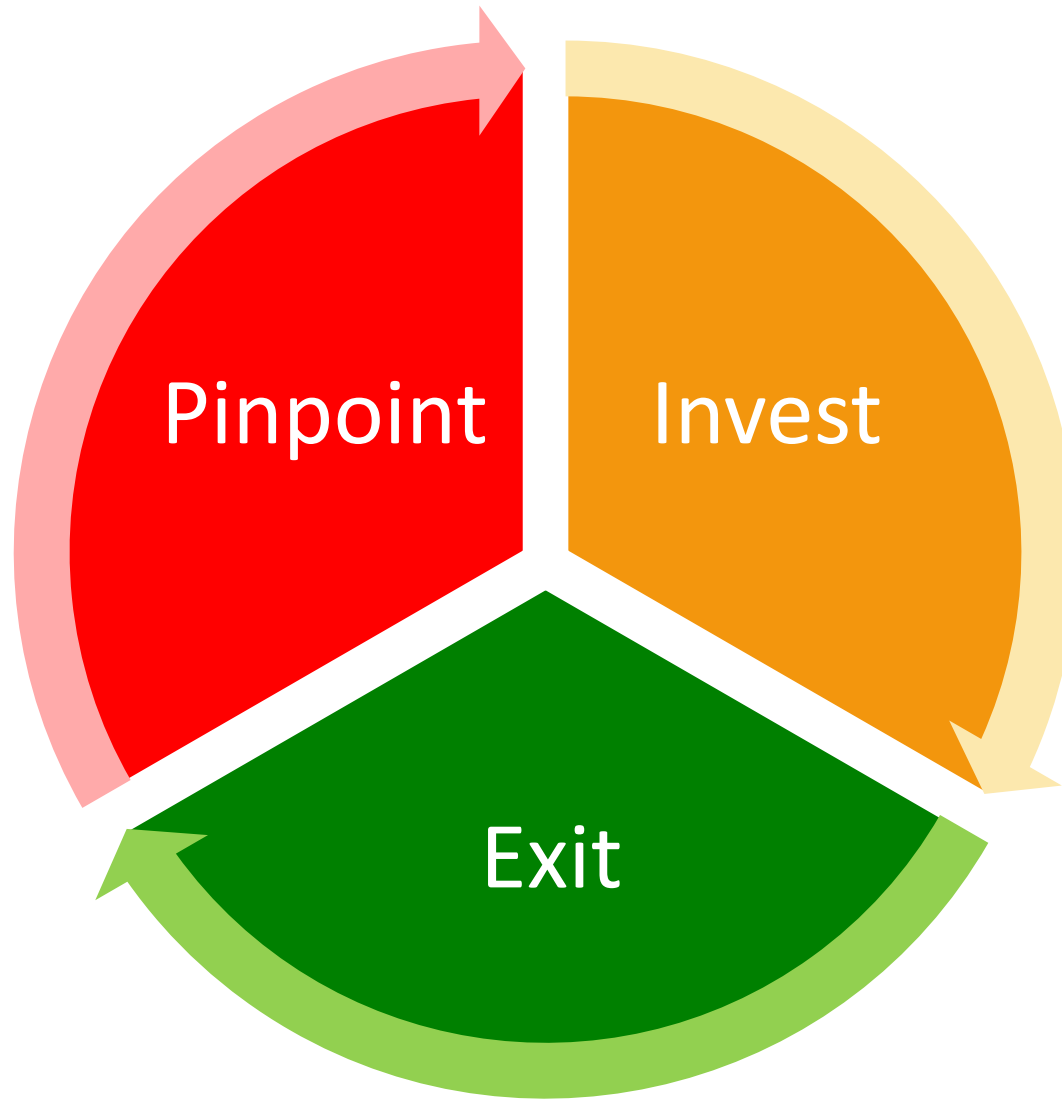
# Value creation record



# M&A strategy – brand building

Brand	Acquisitions	Bought for £m <sup>1</sup>	Sold for £m <sup>1</sup>
	JRT Ltd JenaTec Inc JGWT GMBH Boneham & Turner Moss Group	<b>4.0</b> <b>(FY02 - FY09)</b>	<b>14.5</b> <b>(FY12)</b>
	Sigma Components B&D Patterns C&H Composites Eng Group Aerotech Tubes PFW Farnborough RMDG Rolls Royce Nuneaton Rolls Royce Xi'an	<b>22.0</b> <b>(FY07 - FY16)</b>	<b>65.0</b> <b>(FY16)</b>

## M&A strategy – a simple model **PIE**



## Pinpoint

- Defendable markets
- Unconsolidated engineering niches
- Good businesses, or subscale entities
- Acquisitions at competitive prices

## Invest

- Compelling strategy
- Operational improvements
- Strong brand
- Customer loyalty
- Engagement and passion

## Exit

- Optimise sale timing
- No short deadlines
- Adapt to prevailing market conditions
- Return value to shareholders wherever possible

## Pinpoint

- Rolls Royce acquisitions completed, for **£3.5m**
- Strengthened Sigma's niche leadership position
- An immediate increase in value, upon Sigma sale

## Invest

- Promising nuclear decommissioning niche
- Investment in systems and infrastructure
- Improvement in operational performance

## Exit

- Sigma sold for an enterprise value of **£65m**
- **3.0x** increase in equity value
- Tender Offer **£28m** to return cash to shareholders

### Metalcraft – division restructured, due to oil price

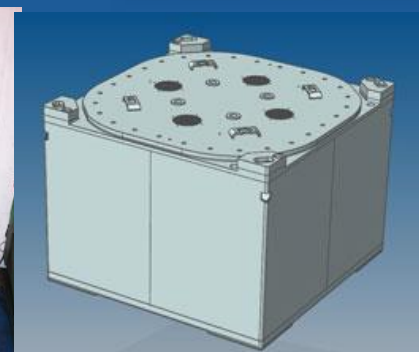
- Modest return to divisional profit for the period
- Aldridge building sold for £1.1m net
- Pre-production for Sellafield progressing to plan
- **Contract wins with Bruker and Rapiscan (£6m/3y)**
- **Contract win with EDF (£3.5m/3y), post period end**
- China production stable –
  - ▶ new contract wins to drive future growth

### Crown – core markets stable:

- FET carbon abatement under development

**Metalcraft** designs and manufactures safety critical equipment for the energy, medical and science sectors, including oil and gas extraction and nuclear process plant, pressure and vacuum vessels and components.

	FY16 £m	FY15 £m	Change
Turnover	21.2	22.6	-6%
EBIT	0.1	-0.7	N/A
EBIT Margin	0%	-3%	





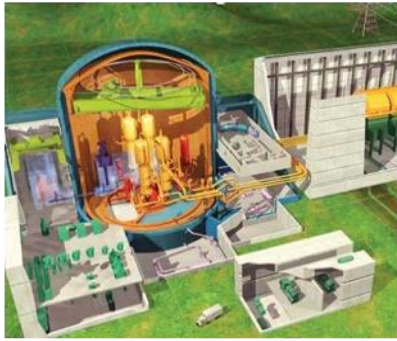


## Spotlight on Energy



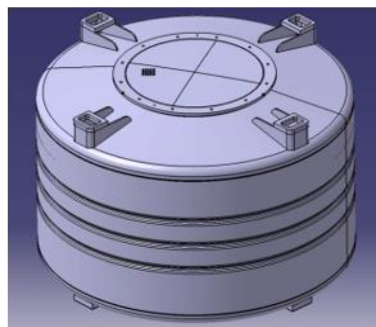
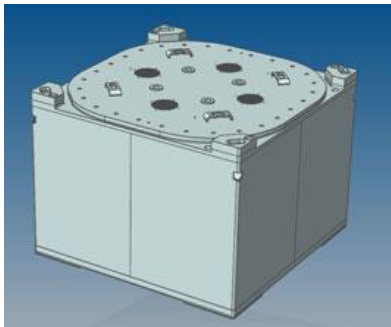
# Energy equipment cycle and our position



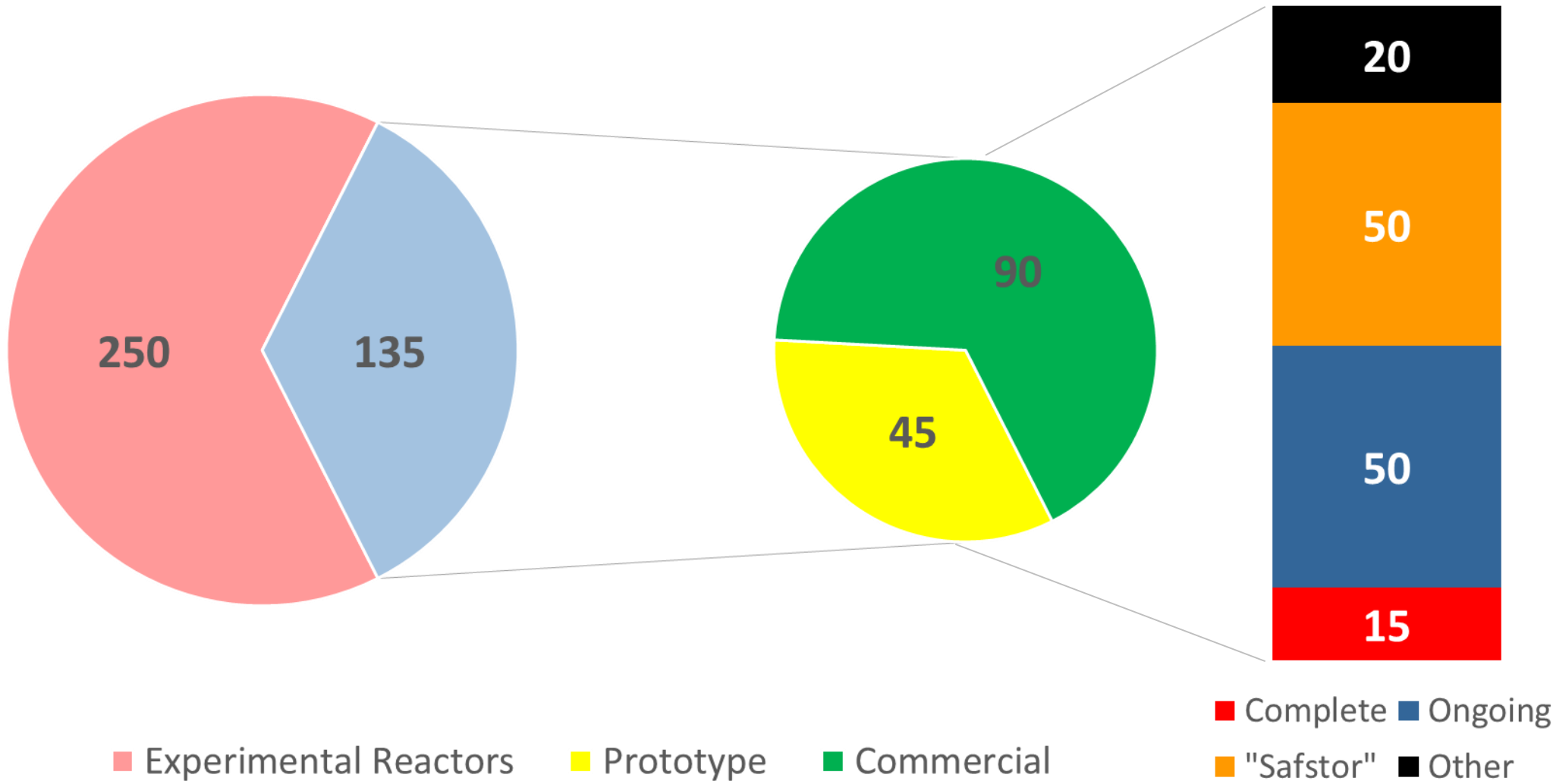


## Metacraft

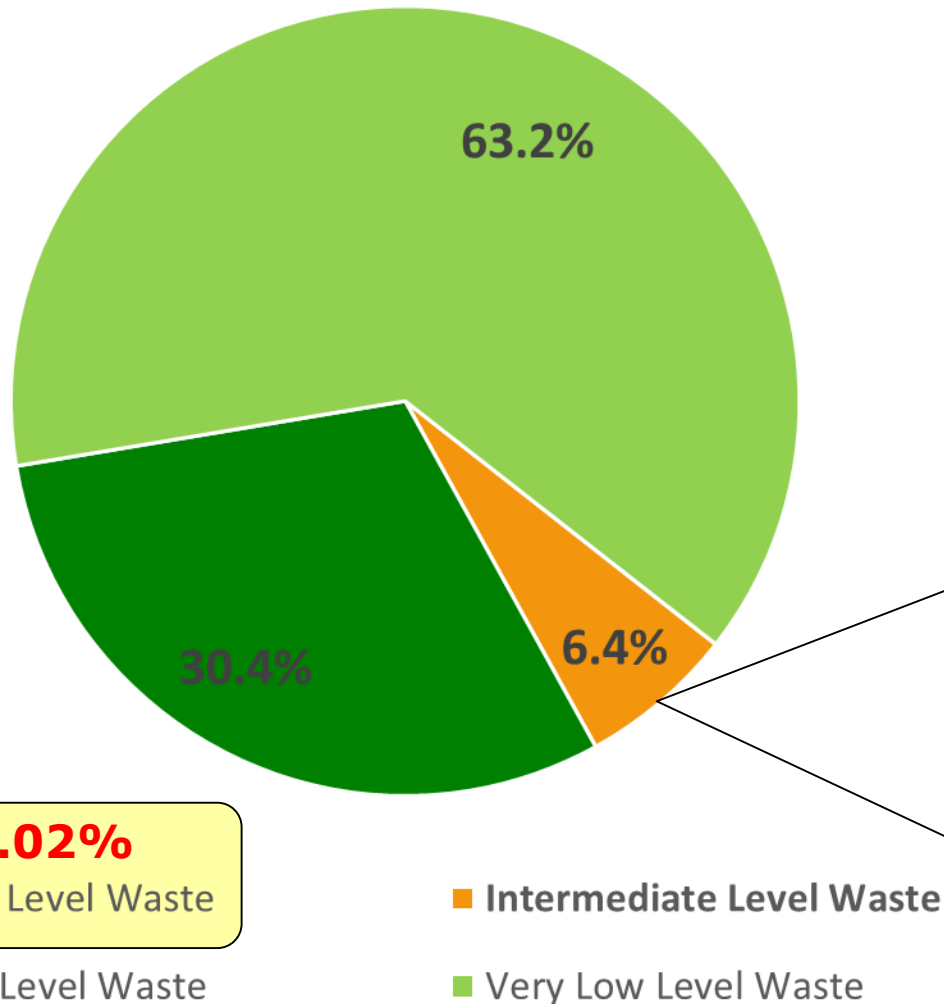
- Over 30 years' experience with manufacture of vessels and equipment for nuclear sites
- **Hinkley Point** - approved by leading UK based civil nuclear organisation and AREVA
- **EDF** – UK fleet life extension contract won
- Decommissioning – **Sellafield** Intermediate Level Waste 3M3 boxes & drums
- Specific plant, vessels and structures for reprocessing at **Sellafield** – eg vitrification



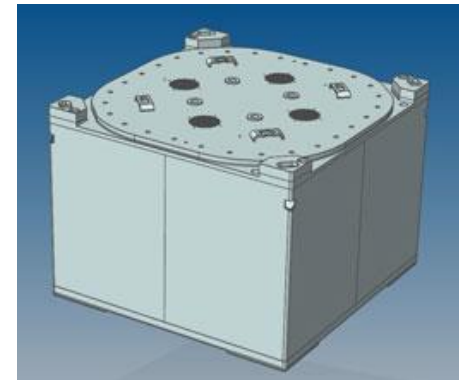
# Decommissioning – global reactors in process



# Decommissioning - UK



- **6.4% of the total waste in the UK is intermediate level (ILW)**
- **Long term storage in 3m3 boxes and drums (as below)**



- **50% of waste is at Sellafield**
- **Expected total number of boxes required = 70,000**
- **Total cost of these boxes expected to be circa £3Bn**



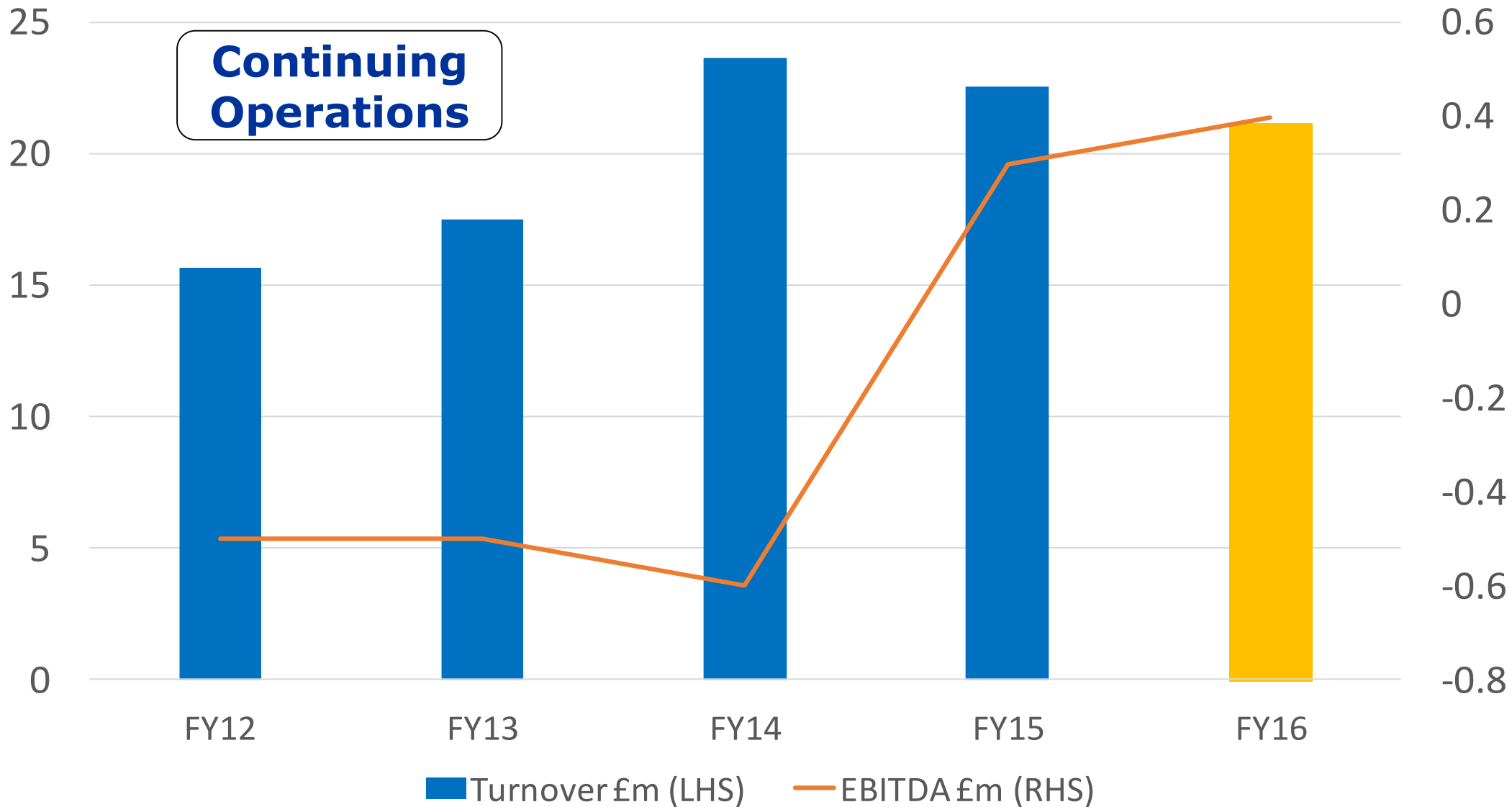
## Financial progress



## Financial Highlights (vs FY15)

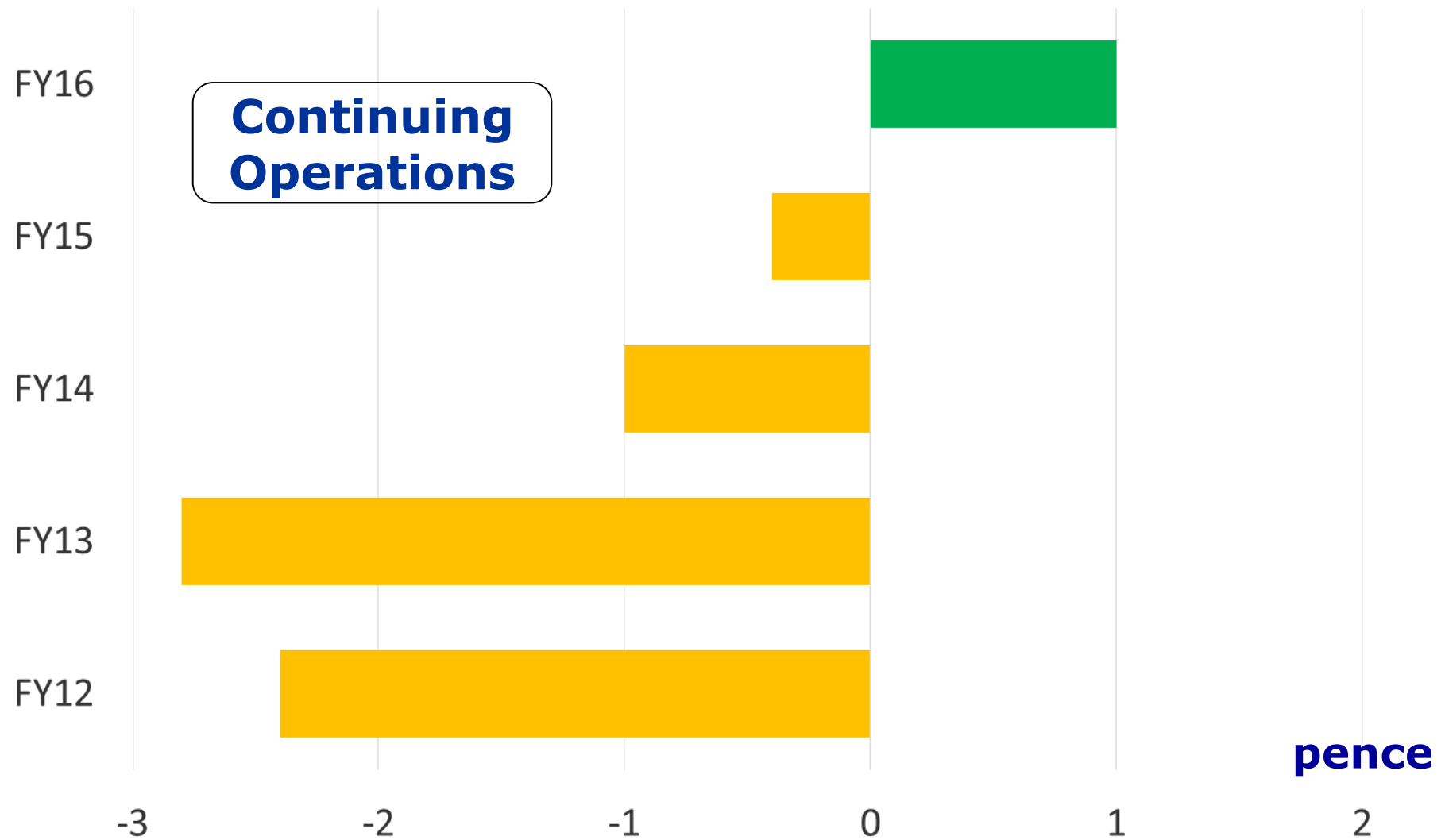
- **Aerospace** division sold for an enterprise value of **£65.0m**, just prior to year end
- **Turnover of continuing operations** decreased by **6%** to **£21.2m** (2015: £22.6m)
- **Adjusted EBITDA from continuing operations** up **18%**, to **£0.4m** (2015: £0.3m)<sup>1</sup>
- **Adjusted PBT** improved to a profit of **£0.1m** (2015: loss £0.7m)<sup>1</sup>
- Adjusted, diluted **EPS of continuing operations** up to **1.0p** (2015: loss 0.4p)
- **Cash** generated from operating activities **£7.8m** (2015: £1.6m)
- **Net Cash** up to **£51.0m**, (2015: net debt £5.9m).
- **Full year dividend** increased by **7%** to **3.2p** per share (2015: 3.0 pence)
- **Tender offer of £28m** to return cash to shareholders

## 5 year history: turnover and EBITDA

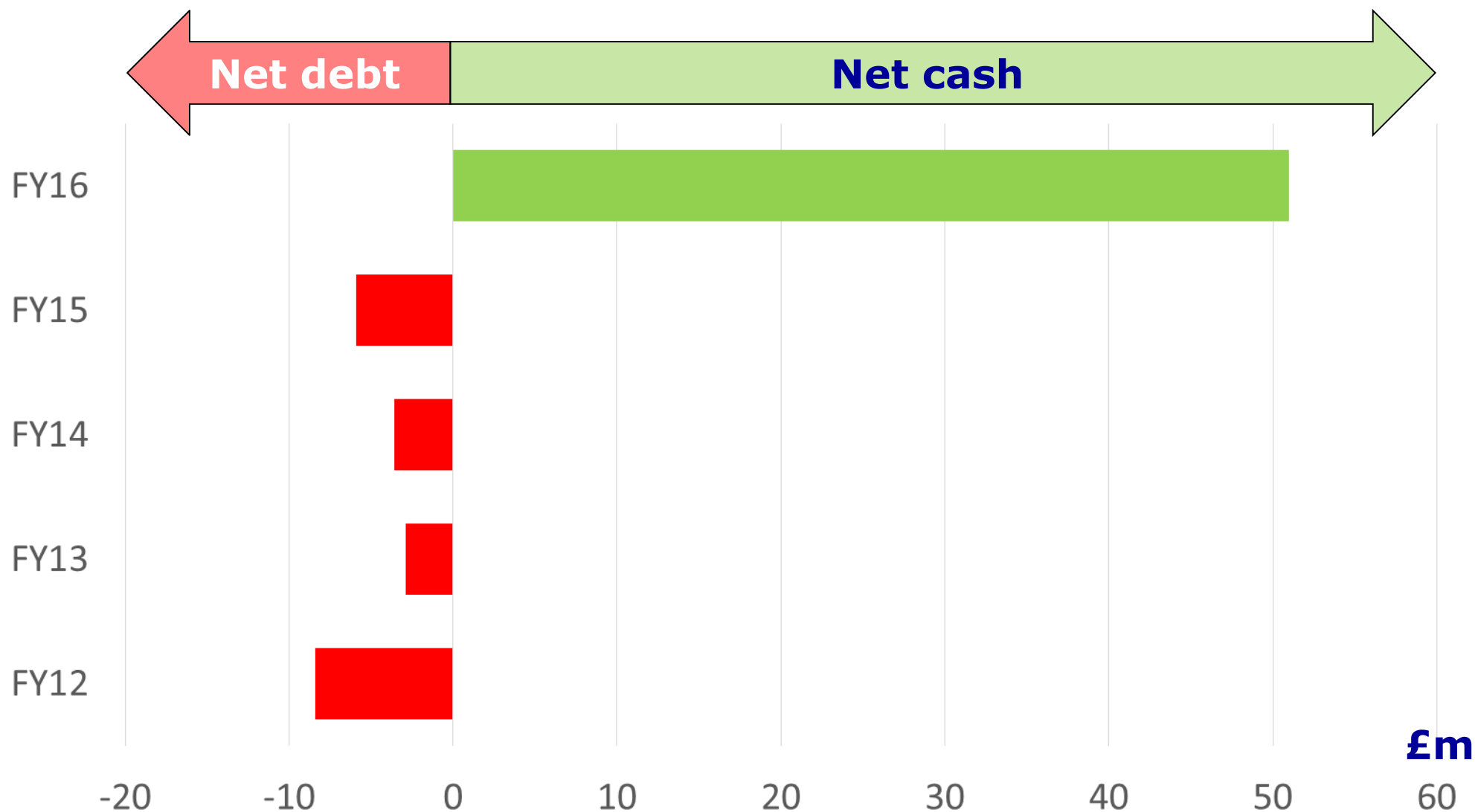




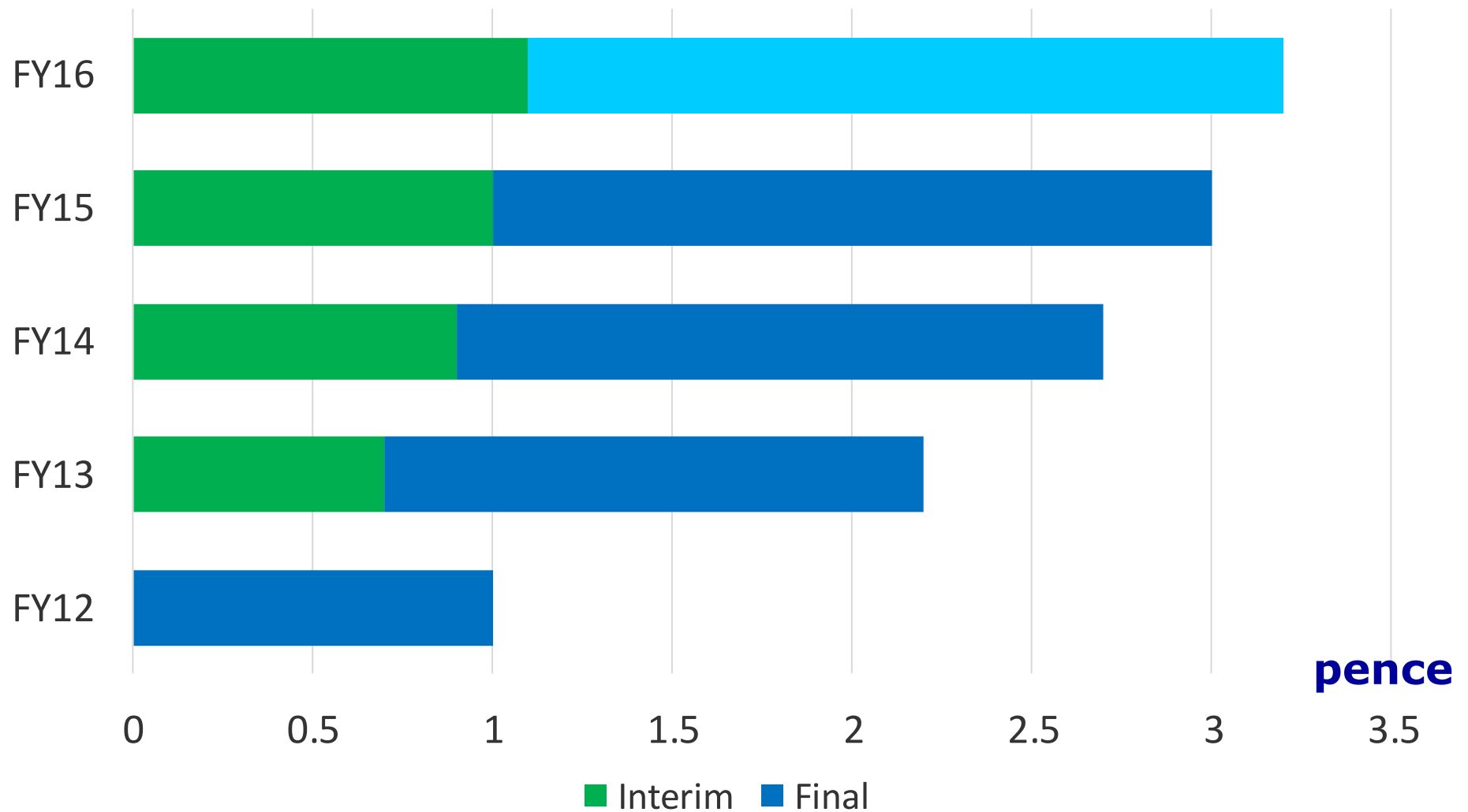
## EPS growth



## Strong balance sheet



## Dividend growth 7%



# Avingtrans plc

engineering technology group

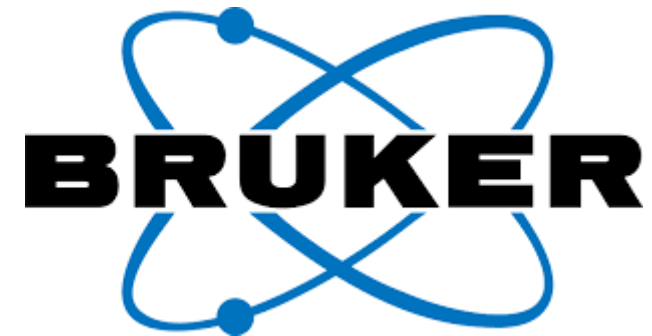
- **Compelling Pinpoint-Invest-Exit Strategy**
- **Niche market leadership positions**
- **Delivering robust shareholder returns**



## Appendix

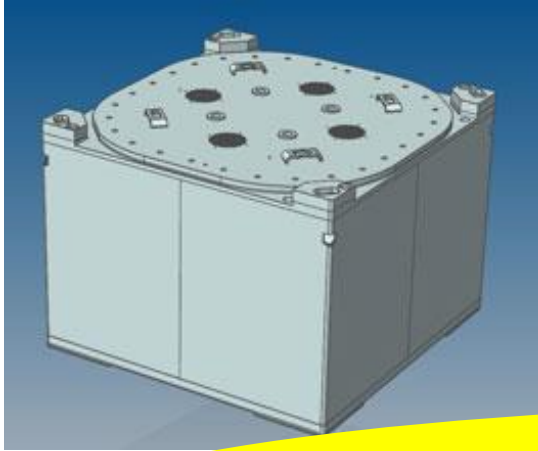


## Blue chip key accounts





# Our Products



**Highly engineered components,  
systems and services**



# Locations



**Low cost sourcing strategy appealing to main OEM customers**



# Profit and Loss Account

		Full Year FY16	Full Year FY15
		£m	£m
<b>Continuing operations</b>			
<b>Turnover</b>		<b>21.7</b>	22.6
Gross Profit		<b>3.1</b>	2.4
Gross Profit margin		<b>15%</b>	11%
 <b>Adjusted EBITDA</b>		 <b>0.4</b>	0.3
Adjusted EBITDA margin		<b>1.7%</b>	1.3%
 <b>Profit/(loss) before tax</b>		 <b>0.2</b>	(1.3)
Profit/(loss) after tax		<b>0.4</b>	(0.8)
 <b>EPS – Continuing</b>	Adj. Fully Dil. <sup>1</sup>	 <b>1.0p</b>	(0.4)p
	Basic	<b>1.5p</b>	(2.8)p

# Balance Sheet

	FY16	FY15
	£m	£m
<b>Fixed Assets</b> (including assets held for sale)	<b>4.7</b>	12.5
Goodwill	<b>4.6</b>	9.6
Other Intangible	<b>0.9</b>	3.4
Working Capital	<b>3.7</b>	15.5
Provisions	-	-
Tax	-	(0.1)
<b>Net Cash/ (Debt)</b>	<b>51.0</b>	(5.9)
Deferred Tax	<b>(0.1)</b>	(0.8)
<b>Net Assets</b>	<b>64.8</b>	34.2
Net Cash/(Debt) to Equity	<b>79%</b>	(17%)

# Cash Flow

	FY16	FY15
	£m	£m
<b>Total EBITDA</b>	<b>6.6</b>	<b>4.1</b>
Net Working cap	<b>2.5</b>	<b>(2.2)</b>
Interest, Tax and Other	<b>(0.8)</b>	<b>(0.3)</b>
Dividend	<b>(0.8)</b>	<b>(0.7)</b>
Disposal/(acquisition)	<b>50.2</b>	<b>(1.1)</b>
Capex	<b>(0.5)</b>	<b>(2.3)</b>
<b>Net Cash Flow</b>	<b>57.2</b>	<b>(2.5)</b>
Opening Net Debt	<b>(5.9)</b>	<b>(3.6)</b>
Foreign Exchange	<b>(0.3)</b>	<b>0.2</b>
<b>Closing Net Cash /(Debt)</b>	<b>51.0</b>	<b>(5.9)</b>

# Adjusted EBITDA

	FY16 £'000	FY15 £'000
Profit /(loss) before tax	245	(1,323)
Share based payment expense/Amortisation of business combinations	21	26
Restructuring costs	272	195
Profit on disposal of property	(446)	-
Start up losses – China	-	450
<b>Adjusted profit/(loss) before tax</b>	<b>92</b>	<b>(652)</b>
Finance income	(554)	(1)
Finance cost	82	92
<b>Adjusted loss before interest, tax and amortisation ('EBITA')</b>	<b>(380)</b>	<b>(561)</b>
Depreciation	505	573
Amortisation of other intangible assets	229	288
<b>Adjusted Earnings before interest, tax, depreciation and amortisation ('EBITDA')</b>	<b>354</b>	<b>300</b>

## Long Term Investors

Shareholder	% of issued share capital owned
Nigel Wray	19.1
P McDowell's Pension Fund	8.7
<b>R S McDowell's Pension Fund</b>	<b>8.6</b>
Funds Managed by Unicorn Asset Management Ltd	5.9
Funds Managed by LGT Bank	4.6
Funds Managed by Close Asset Management Ltd	3.3
<b>Other Board Members</b>	<b>3.4</b>