



**Results for year
ended 31 May 2018**
Steve McQuillan, CEO
Stephen King, CFO





Avingtrans plc has a proven strategy of “buy and build” in highly regulated engineering markets, a strategy it has named “**Pinpoint-Invest-Exit**” (PIE). Using its strong balance sheet, this strategy is being delivered by its agile and seasoned Board and management team, to create significant shareholder value.



www.avingtrans.plc.uk

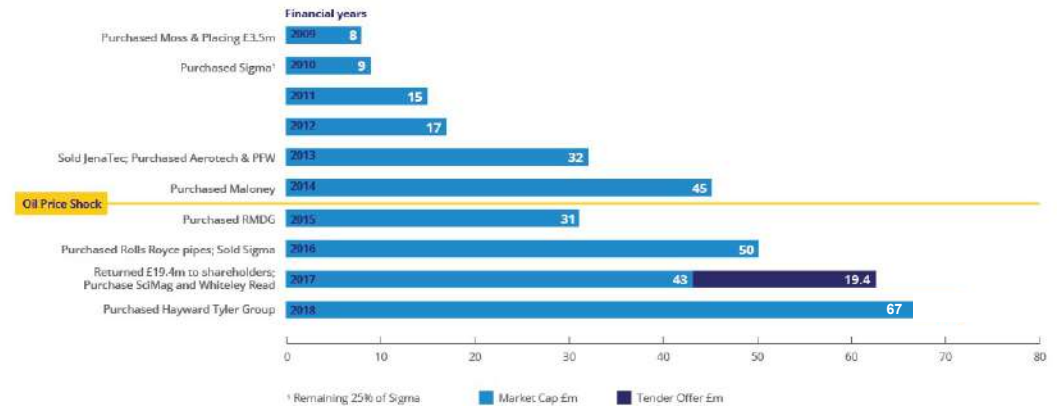
 ENERGY	 RAYWARD TYLER	 Metacraft	 Peter Brotherhood 150 years of engineering innovation
 Maloney Metacraft	 CROWN INTERNATIONAL	 Ormandy Rycroft Engineering	 WHITELEY READ ENGINEERING
 MEDICAL	 Composite Products Ltd	 SCIENTIFIC MAGNET CS	 Metacraft China

A successful journey



The Group has a proven track record in delivering shareholder value through PIE:

- ▶ Identifying and executing prudent deals with precision and speed
- ▶ Building strong brands and value from constituent parts
- ▶ Crystallising these gains with periodic sales of businesses at advantageous valuations
- ▶ Returning the proceeds to shareholders



Resulting in a decade of continual growth



Our divisions



Engineered Pumps and Motors (EPM) Division

The EPM division is built on one brand, Hayward Tyler. Established in 1815, Hayward Tyler designs, manufactures and services performance-critical electric motors and pumps to meet the most demanding of applications for the global energy industry, as an OEM supplier and a trusted through life support partner.

Process Solutions and Rotating Equipment (PSRE) Division

The PSRE division comprises a number of established brands with expertise across the global energy market. The brands specialise in the design, manufacture, integration and servicing of an extensive product and service offering including steam turbines, gas compressors, pressure vessels, containers and skidded systems.



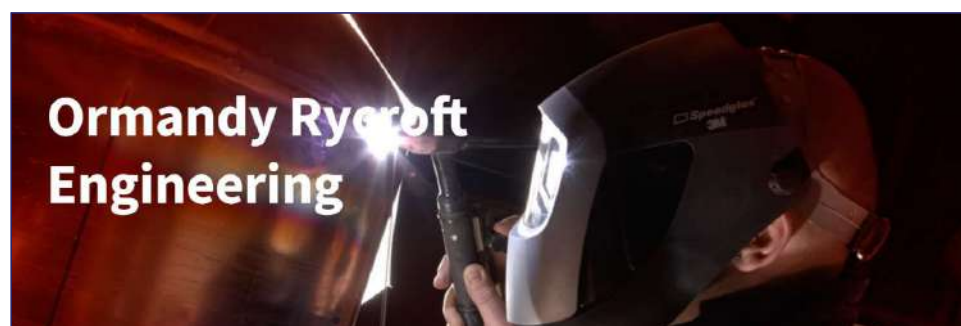
Medical and Industrial Imaging (MII) Division

The medical division has specialist expertise in the design and manufacture of innovative equipment for the medical, science and research communities.

Including cutting-edge products for medical diagnostic equipment; high performance pressure, vacuum vessels and composite materials for research organisations; superconducting magnets and helium-free cryogenic systems.



Strengthening the energy market portfolio



Avingtrans successfully acquires Hayward Tyler Group for £29.4m on 1st September 2017.

With a rich installed base of 1000's of pumps and motors across the global energy space, the opportunity to drive short term growth and profitability through focused aftermarket activity balances the medium and longer term opportunities, as capital investment picks up in the Oil & Gas and Power Generation segments.

Avingtrans successfully acquires certain assets of Ormandy Ltd for £0.1m in February 2018.

Ormandy Group manufactures off-site plant, heat exchangers and other HVAC (heating, ventilation and air conditioning) products and the synergies that exist between the Ormandy Group and Avingtrans businesses will allow Ormandy to re-establish its presence in an improving market space.

Establishing world class capability



Energy

Metalcraft
Stainless Metalcraft (Chamber) Ltd.

Metalcraft completes the second phase of the factory development for 3M3 intermediate level waste (ILW) boxes and successfully commissions the first dedicated plasma robot welding station for box production.

The first boxes have been delivered to Sellafield and the multi-million 10 year contract is on track.



Medical

**SCIENTIFIC
MAGNETICS**

Scientific Magnetics Ltd and MR Resources Inc. launch a pan-European partnership, to bring Nuclear Magnetic Resonance (NMR) system support and service contracts to European NMR users.

The partnership results in a unique and independent service offering for European NMR users and is fundamental to the Group's continued focus on aftermarket support.

Returning shareholder value

Avingtrans is now engaged with the Pinpoint-Invest phases of its two energy divisions and its medical division, following the successful Exit of the aerospace Group, Sigma Components, at an enterprise value of £65m back in 2016.



Avingtrans is committed to medium and longer term development plans, with the focus on exiting businesses at advantageous valuations, at which point proceeds can be considered for return to shareholders, or redeployed for continued growth in shareholder value.

As energy markets continue to recover, M&A activity remains strong and flow control businesses can command high valuations. Avingtrans is quietly confident about the current strategic direction and potential future Exit opportunities.



Progress is pleasing so far

- ✓ Balance sheet stabilised, high cost debt removed
- ✓ Banking facilities renewed in the UK and USA
- ✓ Duplicate board and advisory costs removed
 - ✓ Restructuring exercise complete
 - ✓ Working capital stable
 - ✓ Strategic plans on track
 - ✓ Aftermarket focus bearing fruit
- ✓ New facilities in China and India up and running

Divisional priorities



Energy

- Nuclear
 - Decommissioning – Sellafield progress steady
 - Life extension – pursuing multiple international opportunities
- Fossil fuels / Oil & Gas – some recovery. Focus on aftermarket
- Defence – UK MoD contracts won
- Ormandy – encouraging progress on integration so far – HVAC focus

Medical

- NMR – good progress with Q One Instruments; NMR service - promising start
- MRI – strategic review of options underway

Financial Highlights

Financial highlights



Group Revenue

£78.9m
+247%

Gross Profit Margin

25.5%
2017: 17.9%

Adjusted EBITDA

£5.7m
+690%

Adjusted Diluted EPS

8.4p
+7.3p

Total Dividend

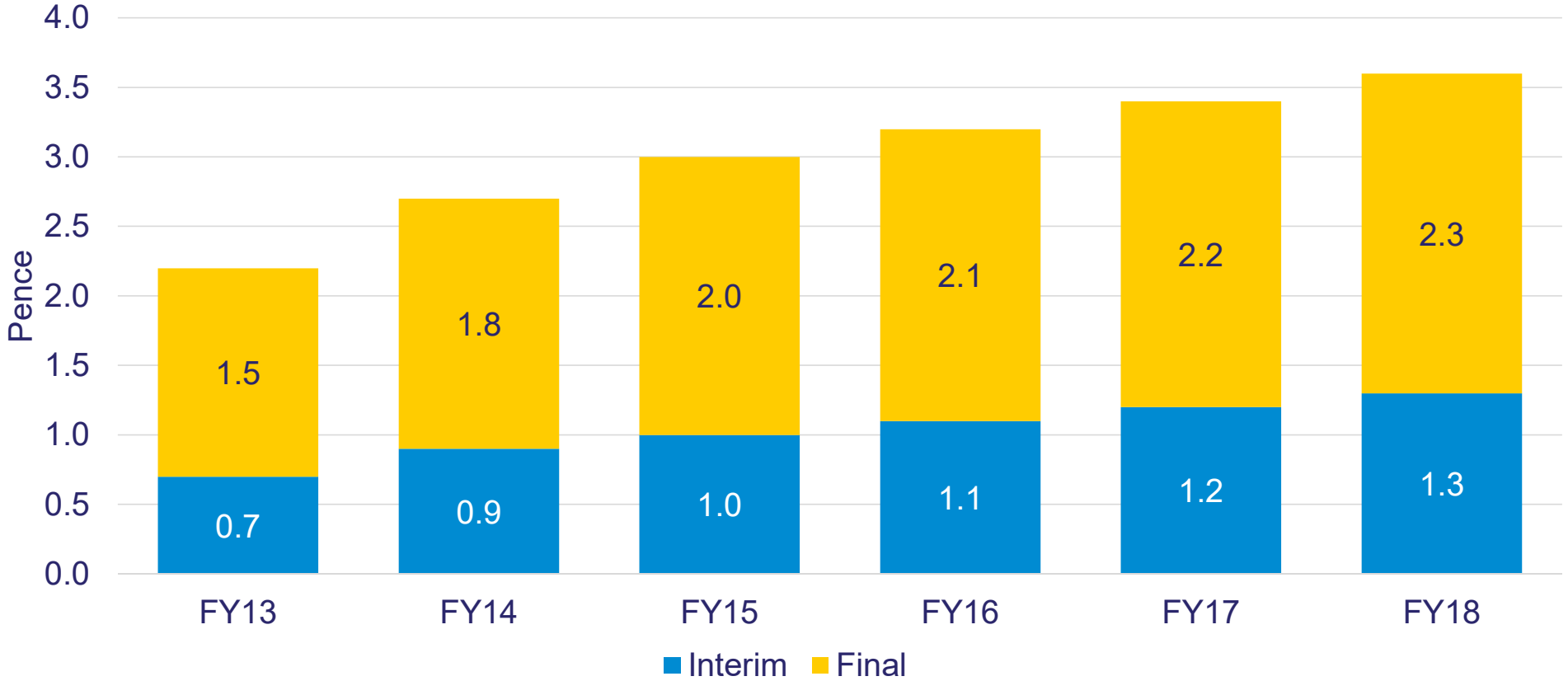
3.6p
2017: 3.4p

Net Debt

£7.1m
2017: Net Cash £26.4m

	FY18 £m	FY17 £m
Revenue	78.9	22.7
Gross profit	20.1	4.1
Gross profit margin	25.5%	17.9%
Adjusted EBITDA	5.7	0.7
Adjusted EBITDA margin	7.2%	3.2%
Adjusted profit before tax	2.4	0.3
Loss after tax	(4.5)	(0.3)
Adjusted basic EPS (pence)	8.5	1.1
Adjusted diluted basic EPS (pence)	8.4	1.1

Seventh year of dividend growth



Balance Sheet



	FY18	FY17
	£m	£m
Tangible fixed assets	27.6	4.9
Goodwill	23.4	5.2
Other intangible	15.6	1.4
Deferred Tax Asset/Pension Surplus	3.0	0.0
Working capital	18.6	7.4
Provisions	(6.1)	0.0
Tax	0.6	0.1
Net (Debt)/Cash	(7.1)	26.4
Creditors > 1 year	(3.6)	(0.3)
Deferred Tax Liability	(2.9)	(0.2)
Net Assets	69.1	44.9
<i>Net (Debt)/Cash to Equity</i>	<i>(10%)</i>	<i>59%</i>

Movement in Net Cash/(Debt) FY18



Tax highlights

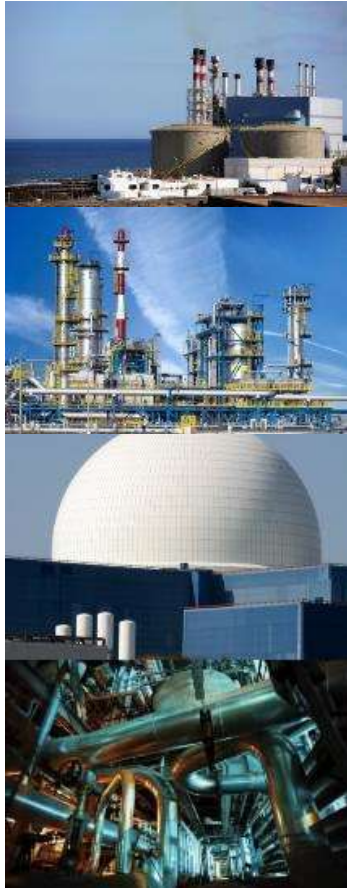
- Effective tax rate 0.3% tax credit
- US tax charge £1.2m offset by deferred tax credit on the amortisation of business intangibles and temporary timing differences
- US tax rate reduced from 39% to 27% from January 2018 – **Future benefit**
- UK tax rate to reduce to 17% from April 2020 – **Future benefit**
- Tax losses of £37.3m available for future use with £8.6m of these recognised as a deferred tax asset – **Future upside**

Summary

Summary



- ✓ **Successful integration of Hayward Tyler and Peter Brotherhood**
- ✓ **Order book: robust cover in Energy; Medical primed for growth**
 - ✓ Nuclear life extension wins in the UK, USA, Sweden and S. Korea
 - ✓ Sellafield 3M3 project on plan: technically, operationally and commercially
 - ✓ Good potential for Medical from contracts won, albeit ramp-up is taking time to realise
- ✓ **Strong balance sheet – net debt £7.1m at year end**
- ✓ **Clear strategy for organic growth and added value through M&A**
 - ✓ Pinpoint-Invest-Exit (PIE) strategy on track with HTG and Ormandy acquisitions
- ✓ **Dividend policy reaffirmed for seventh successive year – 5.9% increase for the full year**
- ✓ **Outlook: confident about strategy, prospects and market potential**

 **Avingtrans**

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



Appendix

Divisional structure



Energy: Engineered Pumps and Motors (EPM)
HT Inc, USA
HT Luton
HT China
HT India

Energy: Process Solutions and Rotating Equipment (PSRE)
Metalcraft UK (Energy)
Peter Brotherhood
Maloney
(HT) Fluid Handling
Whiteley Read
Crown
Ormandy

Medical and Industrial Imaging (MII)
Metalcraft UK (Medical)
Metalcraft China
Scientific Magnetics
Composite Products

Key:

AVG
HTG (acquired on 1 September 2017)
Ormandy (acquired 19 February 2018)

Our values

A High Performance Business



Integrity

We mean what we say and do what we say we will do, with respect for all concerned



Quality

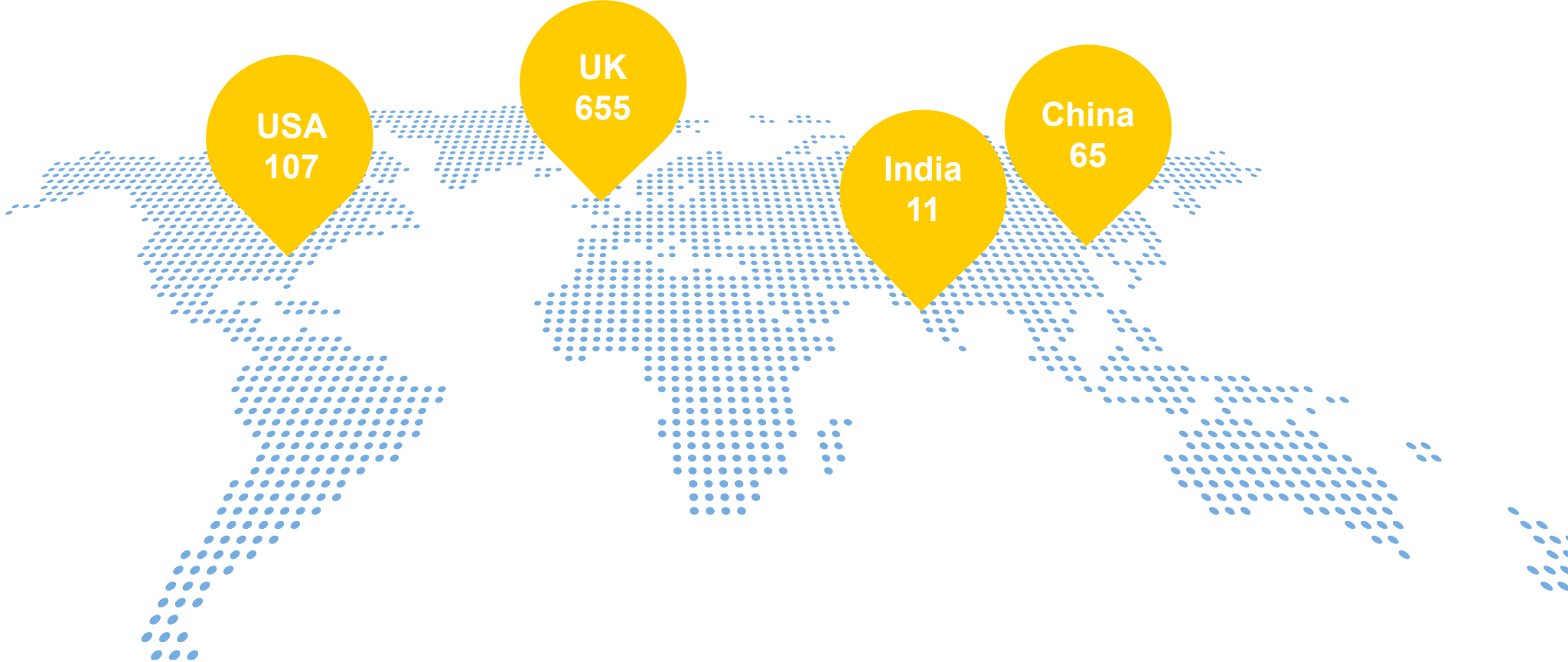
Right first time, on time. Our products and services have enduring value to our customers



Agility

We adapt rapidly and cost effectively – in response to changes in the environment

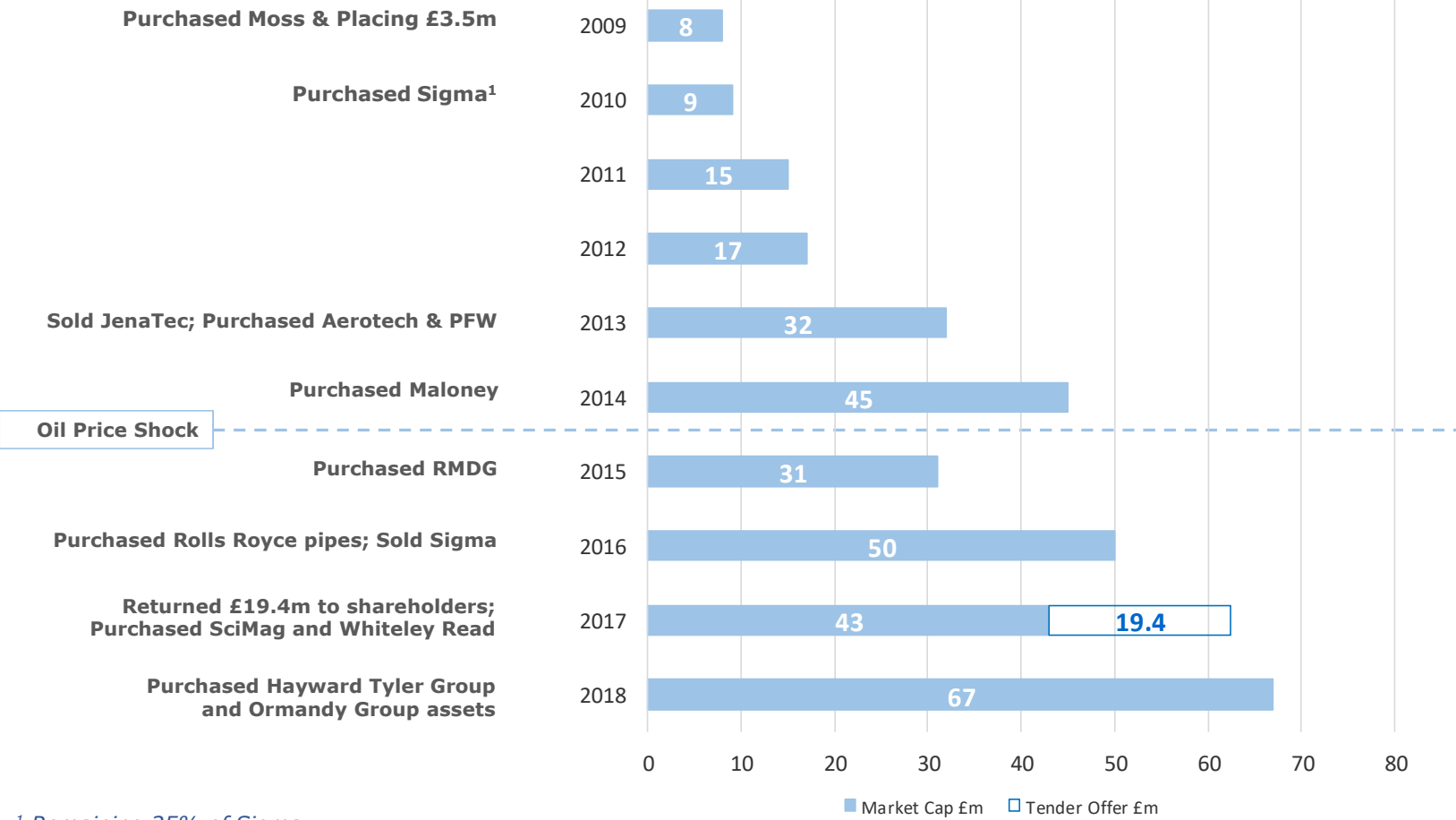
Our locations and employees



Blue chip key accounts



Market capitalisation progression



Adjusted divisional EBITDA



	Energy: EPM	Energy: PRSE	Medical	Central	FY18	Energy	Medical	Central	FY17
Revenue	36,775	31,679	10,410	-	78,864	12,610	10,104	-	22,714
Operating profit/(loss)	(1,532)	425	(109)	(2,626)	(3,842)	456	428	(1,350)	(466)
Adjustments:									
Share based payments	-	19	13	37	69	12	3	19	34
Acquisition costs	-	99	-	1,468	1,567	-	-	101	101
Restructuring costs	1,052	647	-	-	1,699	182	-	-	182
Tender share buyback costs					-	-	-	226	226
Amortisation of acquired intangibles	2,330	973			3,303				-
Adjusted EBIT	1,850	2,163	(96)	(1,121)	2,796	650	431	(1,004)	77
Depreciation and amortisation	1,693	1,041	173	-	2,907	369	276	-	645
Adjusted EBITDA	3,543	3,204	77	(1,121)	5,703	1,019	707	(1,004)	722

HTG net asset bridge (Mar 17 to Aug 17)



HTG opening balance sheet



	1 Sep 2017
	£m
Goodwill and intangible assets	35.1
Property, plant and equipment	22.8
Pension surplus	1.3
Deferred tax asset	0.4
Working capital	1.1
Current tax asset	0.0
Provisions	(7.2)
Net debt	(9.9)
Deferred tax liability	(2.9)
Consideration	40.8

M&A – successful exits



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

Largest investors



	Number of shares (000s)	% of total shares
Nigel Wray	3,020	9.7%
Funds managed by Unicorn Asset Management Limited	1,946	6.3%
Harwood Capital	1,850	6.0%
Funds managed by RBC Trustees Limited	1,723	5.5%
Funds managed by BlackRock	1,580	5.1%
R S McDowell's Pension Fund	1,406	4.5%
P McDowell's Pension Fund	1,213	3.9%
Funds managed by LGT Bank	1,017	3.3%

Figures presented show the position at 2 October 2018