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PINPOINT / INVEST / EXIT

Results for 6 months ended 30 November 2020

Steve McQuillan, CEO

Stephen King, CFO

Financial highlights – H1 FY2021

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Group Revenue	Gross Profit Margin	Adjusted EBITDA
£54.1m (0.4)%	**30.9%** 2020 H1: 25.6%	**£6.3m** +36.6%

Adjusted Diluted EPS	Dividend	Net Debt*
10.5p 2020 H1 5.4p	**Intention to reinstate full year dividend**	**£7.8m** 31 May 2020: £7.4m

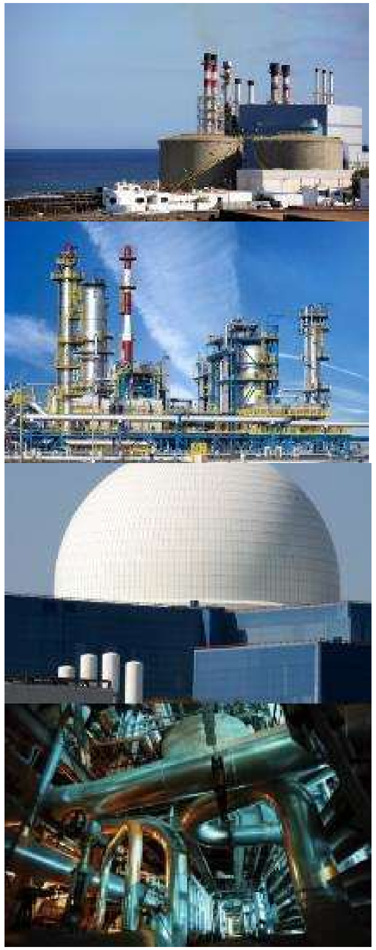
Net debt* - old accounting basis (pre-IFRS 16)

Our divisions

Energy: Engineered Pumps and Motors (EPM)	Energy: Process Solutions and Rotating Equipment (PSRE)	Medical and Industrial Imaging (MII)
HT Inc, USA	Metalcraft, UK (Energy)	Metalcraft, UK (Medical)
HT Luton	(HT) Fluid Handling	Metalcraft, China
HT China	Peter Brotherhood	Scientific Magnetics
HT India	Ormandy	Composite Products
Energy Steel, USA	Booth Industries	Tecmag Inc, USA
		Magnetica, Australia

Key:

AVG (post Sigma disposal in 2016)
HTG (acquired on 1 September 2017)
Ormandy (acquired 19 February 2018)
Tecmag (acquired 24 October 2018)
Booth (acquired 11 June 2019)
Energy Steel (acquired 24 June 2019)
Magnetica (acquired 29 January 2021)



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

Covid-19 update

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We have dealt well with a number of Covid-19 hurdles

- People – flexible working arrangements and shift patterns; targeted restructuring completed
- Markets
  - Energy
    - Nuclear – resilient throughout CV19 - some on-going order delays
    - Renewables – increasing prospects - eg in concentrated solar power
    - Hydrocarbons – impacted by oil price - cost base adjusted – modest recovery
  - Defence/national security – resilient throughout CV19 - some order delays
  - Medical – focus fully on MRI with a "sustain" strategy elsewhere
- Products and operations
  - Divisions have adapted to new operating conditions and contained CV19 disruption
  - Changes to supply chains to regionalise supply for: CV19, Brexit and US/China risks

Our strategy in action - **Pinpoint**

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Strengthening the portfolio

Compact MRI systems - Avingtrans acquired an initial 58.1% stake in Magnetica, in a merger with SciMag and Tecmag, completed on 29 January 2021.

Our strategy in action - **Invest**

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Establishing world class capability

Boothindustries

- Booth site rationalisation will now complete in 2021
- Construction of new Bolton site extension underway
- New wing eliminates surplus leased building
- Booth has a record orderbook and strong prospects
- Market research highlights international opportunities
- Aftermarket development is an emerging focus

Our strategy in action - Exit

Building and returning shareholder value

Avingtrans is engaged with the Invest phase of its two energy divisions and its medical division.

This follows the Exit of Sigma Components, at an enterprise value of £65m back in 2016.

- Avingtrans is committed to profitable growth and to business exits at advantageous valuations.
- Proceeds can either be returned to shareholders, or redeployed for continued growth in shareholder value.
- Energy markets continue to be robust and M&A activity remains strong in this sector.
- We are confident about the current strategic direction and potential future Exit opportunities.

Divisional priorities - EPM

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Concentrated Solar Power plant

Hayward Tyler and Energy Steel

- **Markets**
  - Nuclear – on-going life extension focus
    - Contract wins in USA and South Korea
    - Next Generation nuclear – TerraPower completed
  - Hydrocarbons – progress hampered by CV-19
    - Modest recovery now underway
    - Focus on aftermarket, with 3rd party products targeted
  - Defence – further UK Government contracts won at HT Luton
- **Facilities**
  - New capex in Vermont to improve efficiency and on time deliveries
  - Sale process for Luton site underway. New site planning progressing well.
  - Planning exit of Energy Steel current site, due to building sale by landlord
- **Products** – building product portfolio, including with 3rd parties – eg Shinhoo

Divisional priorities - PSRE

Booth doors manufacture

PB, Metalcraft, Fluid Handling, Ormandy, Booth

- **Markets**
  - Nuclear decommissioning (Metalcraft, Fluid Handling)
    - Sellafield - 3M3 box production continues
    - £2.5m Fluid Handling contract win for remote valves
  - Hydrocarbons (PB) – aftermarket focus – modest recovery
  - Defence (PB, Booth) – UK Government contracts won – PB (£1m) and Booth (£2.9m)
  - HVAC[1] (Ormandy) – transformation path disrupted by CV-19. Orders have stabilised
  - Infrastructure (Booth) – focus on rail and critical national infrastructure – £36m HS2 order
- **Facilities** – site extension at Booth underway; Metalcraft training school funding secured
- **Products** – product range revamp on-going – eg at Ormandy, Metalcraft and Booth

1 – HVAC = Heating, Ventilation and Air Conditioning

Divisional priorities - MII

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Magnetica, Metalcraft Medical, Composite Products

- **Medical**
  - MRI systems (post period end update)
    - Transformational merger with Magnetica
    - SciMag and Tecmag to rebrand
    - Orthopaedic and veterinary niches as focus
    - Initial addressable market estimate c£400m
    - Potentially bigger "pay per scan" opportunity targeted
    - Strategic plans convergent and progressing well
  - MRI third-party components – Metalcraft will now gradually exit this niche
  - NMR – steady progress on service and spectrometer sales
  - Science – niche magnet & cryogenic products into selected targets
- **Composites** – now broadening scope to wider industrial product and customer range
  - Hence, the business will transfer into PSRE division in FY22

MRI orthopaedic scanner

Financial Highlights

Income Statement

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	H1 FY21 £'m	H1 FY20 £'m	FY20 £'m
Revenue	**54.1**	**54.3**	**113.9**
Gross Profit	**16.7**	**13.9**	**31.6**
Gross Profit %	30.9%	25.6%	27.8%
Adjusted EBITDA	**6.3**	**4.6**	**11.8**
Adjusted EBITDA %	11.7%	8.5%	10.3%
Adjusted Profit before tax	**3.5**	**1.8**	**6.0**
Adjusted Profit after tax	3.4	1.7	5.4
Adj. Diluted EPS (pence)	**10.5**	**5.4**	**16.9**

Summary Divisional Results

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	Energy: EPM £'m	Energy: PSRE £'m	Medical £'m	Central £'m	1H FY21 £'m	Energy: EPM £'m	Energy: PSRE £'m	Medical £'m	Central £'m	1H FY20 £'m
Revenue:										
OE	7.5	15.8	6.0	-	29.3	4.6	18.9	5.6	-	29.1
AM	18.5	6.3	0.0	-	24.8	17.7	7.5	-	-	25.2
Total Revenue	**26.0**	**22.1**	**6.0**	**-**	**54.1**	**22.3**	**26.4**	**5.6**	**-**	**54.3**
Operating profit/(loss)	**1.3**	**1.1**	**0.1**	**(0.5)**	**2.0**	**(0.3)**	**1.9**	**-**	**(0.6)**	**1.0**
Adjustments:										
Acquisition costs/SBP	-	-	-	0.1	0.1	0.1	0.1	-	0.1	0.3
Restructuring costs	0.6	0.8	-	-	1.3	0.1	-	-	-	0.1
Amortisation of acquired intangibles	0.5	0.1	-	-	0.6	0.8	0.1	-	-	**0.9**
Adjusted EBIT	**2.4**	**2.0**	**0.1**	**(0.5)**	**4.0**	**0.7**	**2.1**	**-**	**(0.5)**	**2.3**
Depreciation and amortisation	1.1	0.9	0.3	-	2.3	1.1	0.8	0.4	-	2.3
Adjusted EBITDA	**3.5**	**2.9**	**0.4**	**(0.5)**	**6.3**	**1.9**	**2.8**	**0.4**	**(0.5)**	**4.6**
Adjusted EBITDA %	*13.5%*	*13.1%*	*6.7%*	-	*11.7%*	*8.4%*	*10.6%*	*7.5%*	-	*8.5%*

Balance Sheet

	H1 FY21 £'m	FY20 £'m	H1 FY20 £'m
Tangible fixed assets	32.3	34.4	35.6
Goodwill	23.5	23.5	23.6
Other intangible	13.2	13.8	15.5
Deferred tax asset & pension surplus	3.0	2.9	2.5
Working capital	23.2	20.0	18.8
Provisions	(5.3)	(5.5)	(6.0)
Tax asset	0.5	1.2	0.2
Net debt	(15.9)	(16.3)	(17.7)
Creditors > 1 year	(1.5)	(1.5)	(1.5)
Deferred tax liability	(2.2)	(2.5)	(1.7)
Net assets	**70.8**	**69.9**	**69.2**
Net debt to equity	*22.4%*	*23.4%*	*25.5%*

Movement in Net Debt (£'m)

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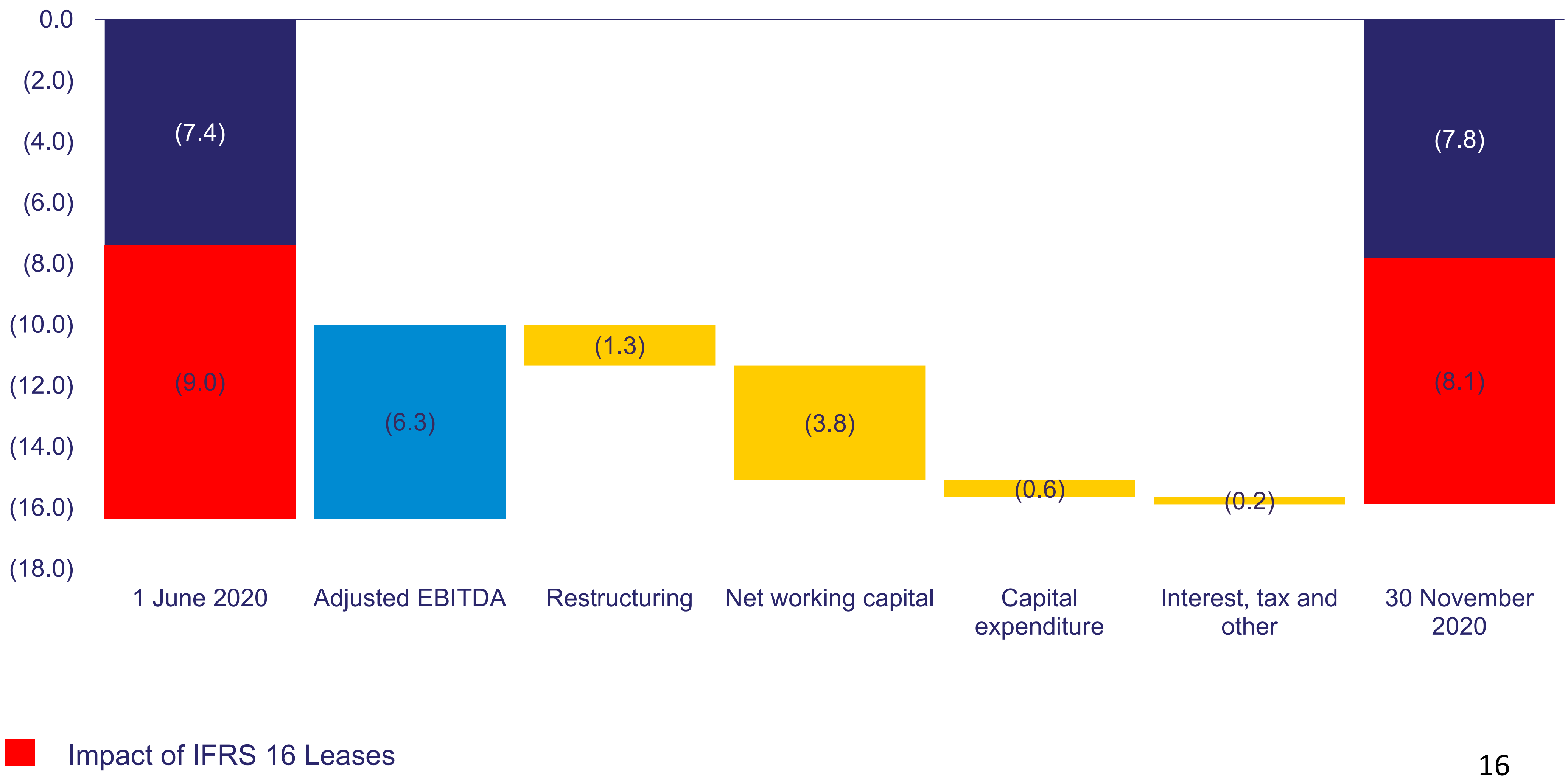

Dividend growth

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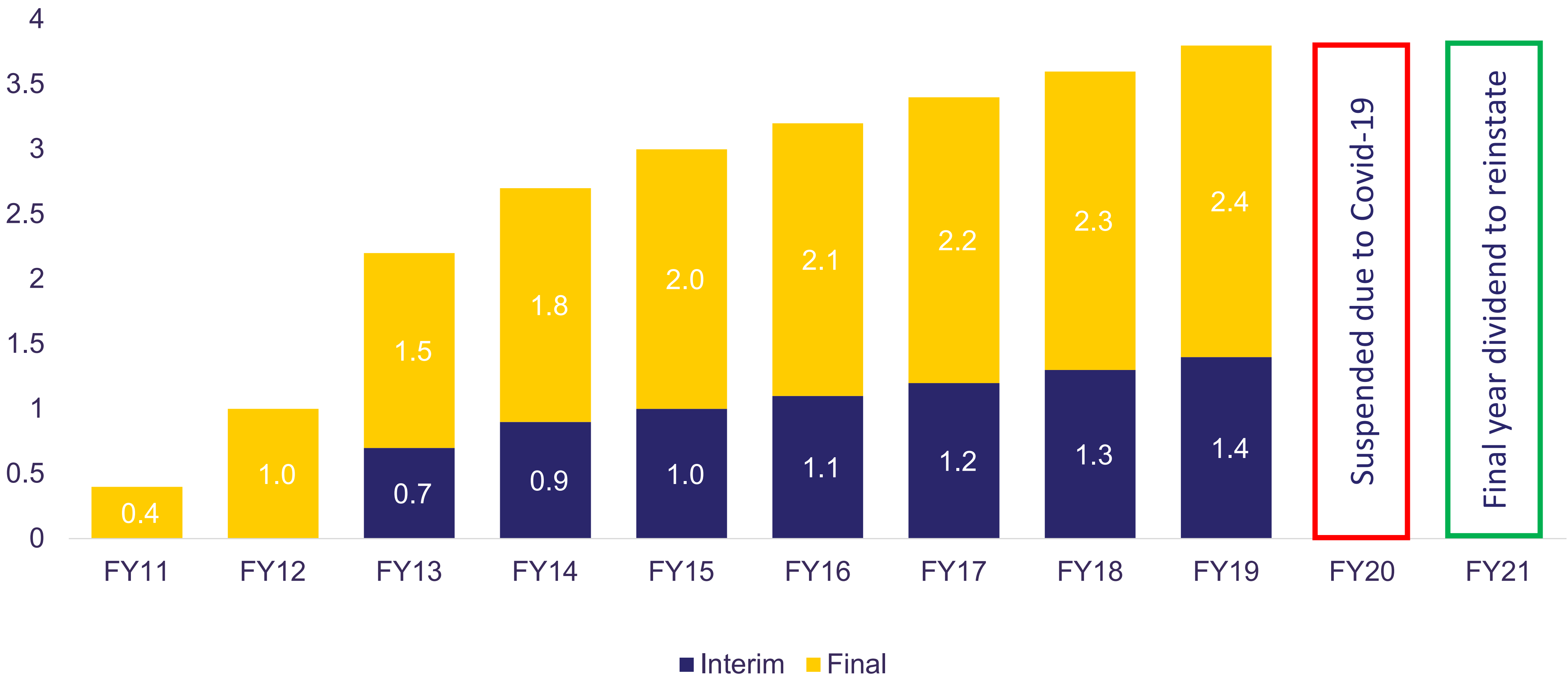

Summary

Summary

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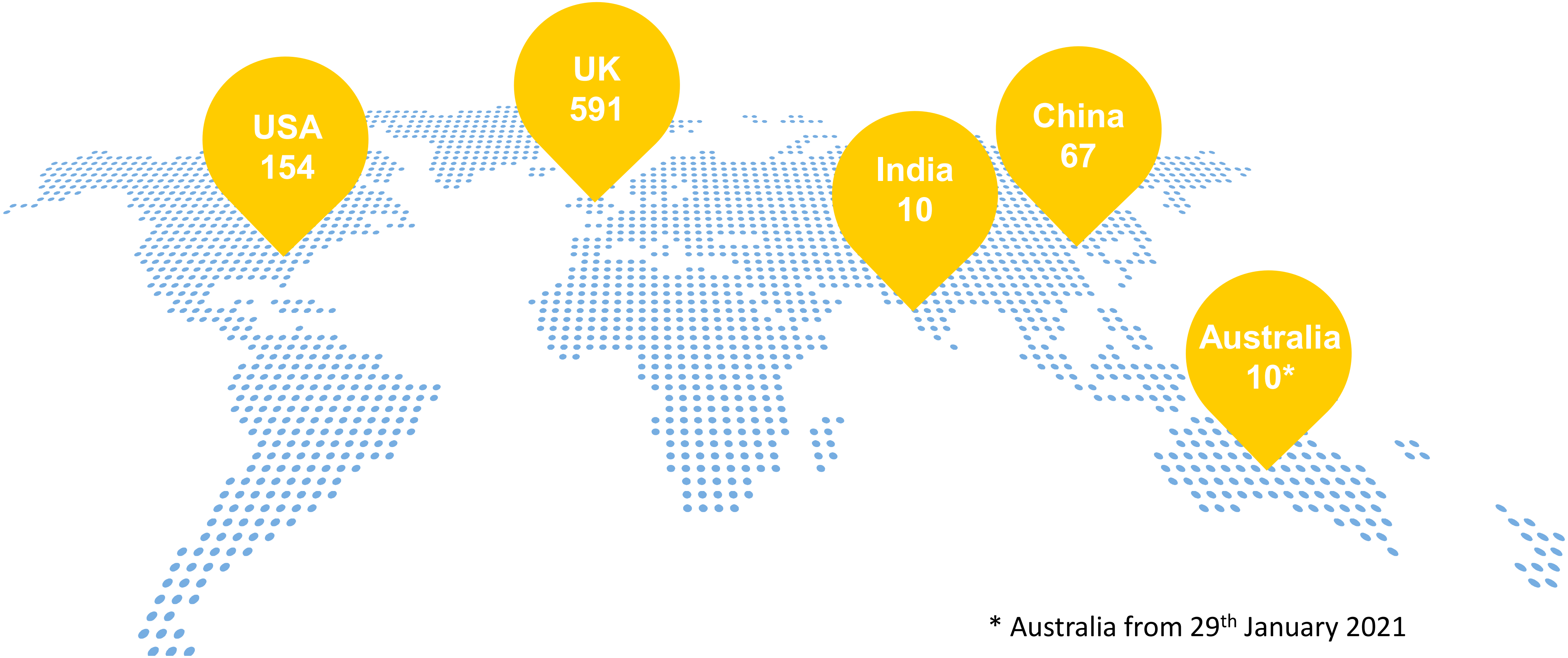
- ✓ **H1 FY21 - on target to deliver full year expectations - despite covid-19**
- ✓ **Hayward Tyler and Peter Brotherhood continue to progress well overall**
- ✓ **Order book: strong pipeline in Energy; Medical pivot to new MRI products now completed**
  - ✓ Significant contract wins in the UK, USA, China and S Korea, including HS2, at £36m
  - ✓ Exciting potential for Magnetica in MRI, which is now the main focus of investment
- ✓ **Strong balance sheet – net debt of £7.8m in H1 – in line with expectations**
- ✓ **PIE strategy (Pinpoint-Invest-Exit) for organic growth and added value through M&A**
  - ✓ Transformational Magnetica merger completed post period end - **Investment** is underway
  - ✓ **Exit** of HT Luton site is progressing well, though somewhat delayed by covid-19
- ✓ **Full year dividend intended to be reinstated, including an element for the interim**
- ✓ **Outlook: we remain confident about our strategy and prospects**

Appendix

Pinpoint-Invest-Exit (PIE)

- Strong balance sheet
- Seasoned board and management
- Creating significant shareholder value

Our locations and employees (30 November 2020)



* Australia from 29th January 2021

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Our values

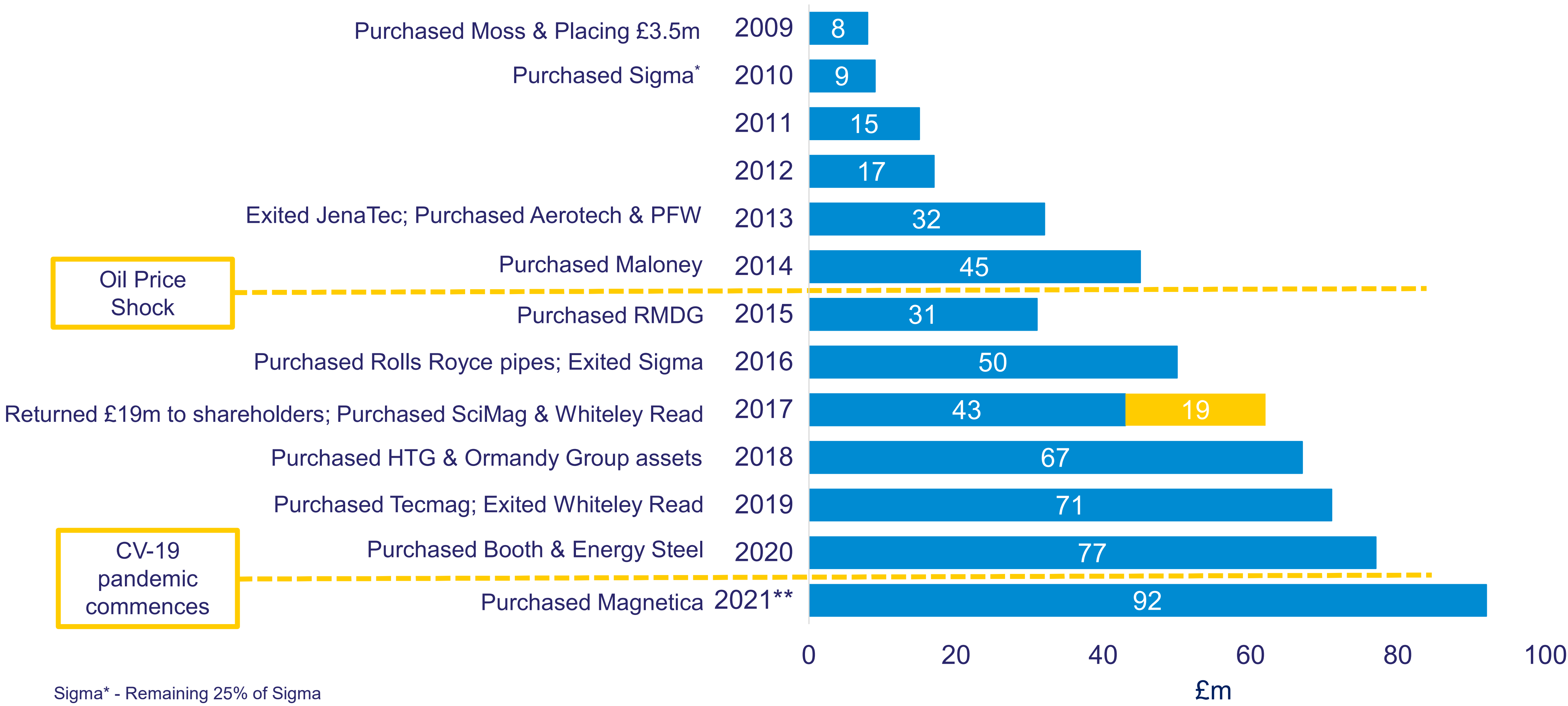
A High Performance Business

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

Market capitalisation progression (£m)



Sigma* - Remaining 25% of Sigma
2021** - As at 4 February 2021

Blue chip partnerships

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HS2
VATTENFALL
SIEMENS
EDF ENERGY

Keppel
Sellafield Ltd
EUREKA
alltech Medical Systems

STP Nuclear Operating Company
Shinhoo PUMPS & MOTOR
ROLLS ROYCE
KOREA HYDRO & NUCLEAR POWER CO., LTD KHNP 한국수력원자력(주)

LAING O'ROURKE
Dominion Energy
Q.One
Rapiscan systems An OSI Systems Company

M&A – successful exits

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Brand	Acquisitions	Bought for £m[1]	Sold for £m[1]
JENA TEC	JRT Ltd JenaTec Inc JGWT GMBH Boneham & Turner Moss Group	4.0 (FY02 - FY09)	14.5 (FY13)
Sigma ...a local source... ...to a global capability...	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

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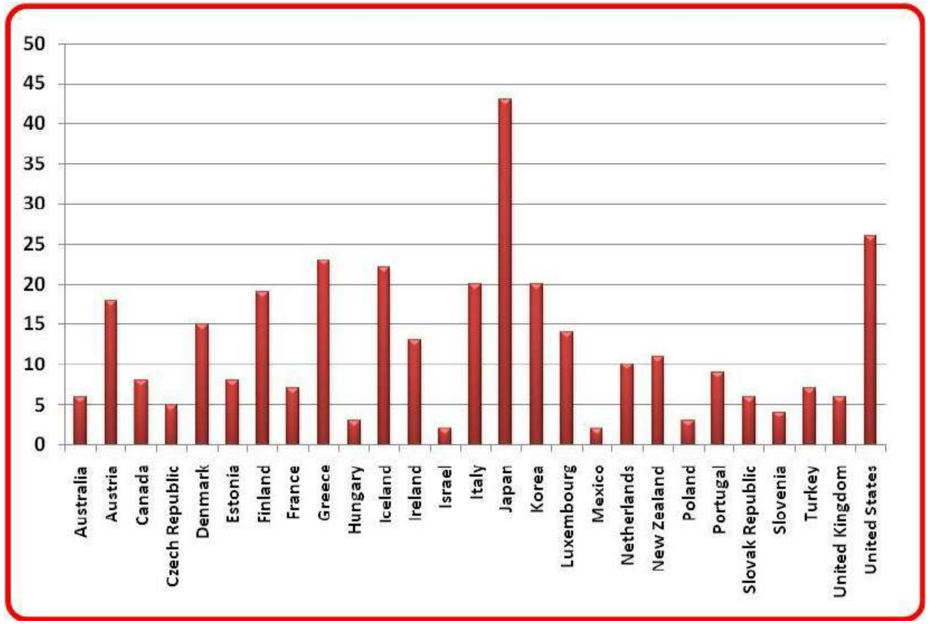
Ordinary shares of 5p each	Number of shares (000s)	% of total shares
Harwood Capital	4,137	13.0%
Funds managed by Business Growth Fund	2,363	7.4%
Funds managed by RBC Trustees Limited	2,208	6.9%
Funds managed by Unicorn Asset Management Ltd	1,946	6.1%
R S McDowell's Pension Fund	1,406	4.4%
P McDowell's Pension Fund	1,213	3.8%
Funds managed by Threadneedle Investments	1,049	3.3%
LGT Bank	973	3.0%

Shows the position at 4 February 2021

MRI and the diagnostic imaging market

- Total market size over £20 billion p.a. in 2017
- CAGR projected to be 4% from 2020-2027
- MRI is 18% of the total market
- MRI is the most expensive imaging technique
- However, it provides the best images
    - Especially of soft tissues…
    - and there is no radiation exposure
- An estimated 40% of new systems are 3 Tesla
- At least 20% of scans are of limbs
- Potential addressable market of (est) £400m p.a.
- For veterinary and neonatal imaging, a lack of products makes precise market estimates difficult
- No available product is: compact, cryogen free and yet high field, for optimum image quality



MRI units per million people

Current product types and limitations

MRI is still the "gold standard" for medical imaging, but there are limitations

Current whole body systems (the market is dominated by Siemens, GE and Philips):

- Using these for certain scans seems inefficient and can be uncomfortable for patients
- Neonatal scans rarely performed, due the difficulty in moving the neonate to the MRI suite
- Use of helium entails expensive infrastructure which limits the location of MRI systems
- The systems are expensive – especially when infrastructure is included
- Around 10% of the population can't be imaged due to claustrophobia
- Disinfecting whole-body systems is now more problematic due to Covid-19

Permanent magnet systems (niche players like Esaote and Aspect Imaging):

- Siting is improved and infrastructure is eliminated, BUT
- The low field strength means there is a limited range of clinical applications
- Heavy weight of permanent magnets and shielding limits them to ground floor locations
- Hence, these systems have not been popular

Large potential for compact, high field MRI

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- Reduce the cost of high field MRI systems by shrinking their size and footprint
- Eliminate infrastructure costs by using helium-free technology
- Dramatically expand potential locations for MRI systems, by virtue of the above
- Unlock precious capacity in existing whole-body systems, by migrating certain types of imaging onto dedicated MRI systems
- Maintain clinical interoperability of imaging by using high-field (3 Tesla) magnets
- Free-up radiologist time and capacity by moving to cloud/AI diagnosis

Outcome: earlier, better diagnosis, to reduce total healthcare costs and improve quality of life

Advantages and Benefits

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Compact, cryofree high field systems with cloud/AI diagnosis:

- Free-up capacity of existing installed whole body systems (at least 20%)
- Widen capability to critical new applications – eg neonatal scans in the NICU
- Require minimal infrastructure and can be sited easily – weight is c20% of whole-body
- Resolve the claustrophobia problem and improve patient comfort
- Are easier to clean and disinfect between patients
- Have clinical interoperability with whole-body systems (3 Tesla field strength)
- Can free up radiologists' time taken up by routine scanning
- Have the potential to allow for image fusion with other compact systems (eg X-ray)
- Increase scanning capacity through efficient workflow and optimised scan protocols
- Earlier, better diagnosis, to reduce total healthcare costs and improve quality of life

Next phase plan for orthopaedic MRI system

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