



Results for year ended 31 May 2021

Steve McQuillan, CEO
Stephen King, CFO

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) ("MAR") prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

Financial highlights (continuing operations)



Group Revenue

£98.5m
+7.1%

Gross Profit Margin

30.4%
2020: 26.8%

Adjusted EBITDA

£12.5m
+78.5%

Adjusted Diluted EPS

22.4p
+180.8%

Total Dividend

4.0p
2020: 0.0p*

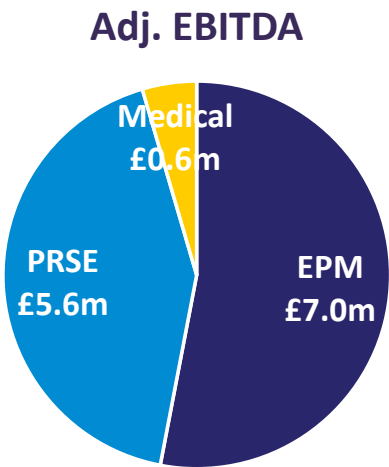
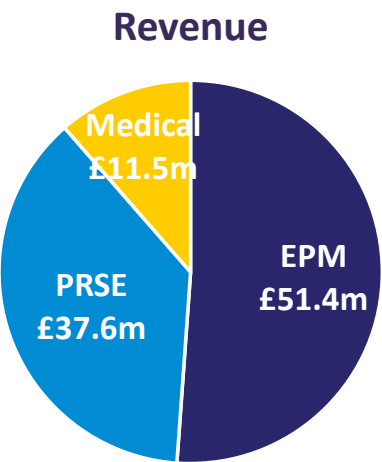
Net Cash**

£23.3m
2020: £7.4m net debt

* Suspended due to Covid-19

** Excluding IFRS16

Our divisions



Energy: Engineered Pumps and Motors (EPM)

	USA
	UK
	China
	India
	USA

Key:

HT Group (acqd Sept 2017)
Energy Steel (acqd Jun 2019)

Energy: Process Solutions and Rotating Equipment (PSRE)

	UK/China
(HT) Fluid Handling, UK	
	UK
	UK
	UK

Key:

AVG (post May 2016)
HT Group (acqd Sept 2017)
Ormandy (acqd Feb 2018)
Booth (acqd June 2019)

Medical and Industrial Imaging (MII)

	UK
	USA
	AUS

Key:

Scientific Magnetics (acqd Feb 2017)
Tecmag (acqd Oct 2018)
Magnetica (acqd Jan 2021)



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



Strengthening the portfolio



- Magnetica - compact helium-free MRI systems
- Avingtrans acquired an initial 58.1% stake in Magnetica, in a merger with SciMag and Tecmag
- Completed on 29 January 2021
- Initial markets are orthopaedic and veterinary.
- Estimated market size > £400m per annum



Our proven strategy in action - Invest



Establishing world class capability

Boothindustries

- Booth site rationalisation will now complete this FY
- Construction of new Bolton site extension advanced
- 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 proven strategy in action - Exit



Building and returning shareholder value

PB acquired for c£9m as part of HTG in 2017

Exit of PB for enterprise value of £35m in March 2021

Gross return on original capital investment almost 4X

3rd successful exit for Avingtrans since 2013



- 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

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
 - 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 on-going – has suffered Covid-19 delays
- Energy Steel moved to new smaller and more optimal site

- **Products** – building product portfolio, including with 3rd parties – eg Ruhrpumpen, Shinhoo



Concentrated Solar Power plant

Divisional priorities - PSRE

Metalcraft, Fluid Handling, Ormandy, Booth, Composite Products

• Markets

- Nuclear decommissioning (Metalcraft, Fluid Handling)
 - Sellafield - 3M3 box contact (£70m) now in 2nd phase
 - £4.4m Fluid Handling contract win for remote valves
- Defence (Booth) – UK Government contracts won – £2.9m
- Infrastructure (Booth) – focus on rail and critical national infrastructure – £36m HS2 order
- HVAC¹ (Ormandy) – disrupted by CV-19. Orders have restabilised
- Composites – focus now on industrial customers

• **Facilities** – site extension at Booth; Metalcraft training school construction started

• **Products** – product range refresh on-going – eg at Ormandy, Metalcraft and Booth



Booth doors manufacture

Magnetica, Scientific Magnetics. Tecmag

• Medical

- MRI systems
 - 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
 - Plan on track, but some delays seen, mainly due to component lead times
- MRI third-party components supply – Metalcraft has largely exited this niche
- NMR – steady progress on Tecmag spectrometer sales and service
- Science – niche magnet & cryogenic products into selected targets



MRI - orthopaedic scanner

Financial Highlights

Income Statement – continuing operations



	FY21	FY20 ²
	£'m	£'m
Revenue	98.5	92.0
Gross Profit	29.9	24.6
Gross Profit %	30.4%	26.8%
Adjusted¹ EBITDA	12.5	7.0
Adjusted ¹ EBITDA %	12.7%	7.6%
Adjusted¹ Profit before tax	7.7	2.6
Adjusted ¹ Profit after tax	7.3	2.6
Adjusted¹ Diluted EPS (pence)	22.4	8.0
Adjusted¹ Diluted EPS (pence) to shareholders incl NCI	96.2	16.2

¹ Adjusted to add back amortisation of intangibles from business combinations, acquisition costs and exceptional items

² FY20 Restated for discontinued Peter Brotherhood

Discontinued operations



	FY21 £'m	FY20 ² £'m
Revenue	8.4	22.7
Adjusted¹ EBITDA	0.1	4.4
Adjusted¹ Profit before tax	(0.9)	3.0
Net Cashflow from Operations	(2.3)	2.6
Net gain on sale of PB	23.4	-
Total Discontinued Profit after tax	22.1	1.5
Adjusted¹ Diluted EPS (pence) to shareholders	73.9	0.2

¹ Adjusted to add back amortisation of intangibles from business combinations and exceptional items

² FY20 Restated for discontinued Peter Brotherhood

Divisional results – continuing operations



	Energy: EPM £'m	Energy: PRSE £'m	Medical £'m	Central £'m	FY21 £'m	Energy: EPM £'m	Energy: PRSE* £'m	Medical £'m	Central £'m	FY20 £'m
Revenue:										
OE	15.4	33.0	9.3	-	57.7	12.8	28.0	11.9	-	52.7
AM	36.0	4.6	0.2	-	40.8	36.5	2.8	-	-	39.3
Total Revenue	51.4	37.6	9.5	-	98.5	49.3	30.8	11.9	-	92.0
Operating Profit/(loss)	2.8	4.3	(0.3)	(0.7)	6.1	1.3	0.3	(0.3)	(0.7)	0.6
Adjustments:										
Acquisition costs/SBP/Other	0.1	0.1	0.1	-	0.3	0.2	0.2	-	0.1	0.5
Restructuring costs	0.7	0.1	-	-	0.8	-	0.2	-	-	0.2
Amortisation of acquired intangibles	1.0	-	-	-	1.0	2.0	-	-	-	2.0
Adjusted EBIT	4.6	4.5	(0.2)	(0.7)	8.2	3.5	0.7	(0.3)	(0.6)	3.3
Depreciation and amortisation	2.4	1.1	0.8	-	4.3	2.4	0.6	0.7	-	3.7
Adjusted EBITDA	7.0	5.6	0.6	(0.7)	12.5	5.9	1.3	0.4	(0.6)	7.0
<i>Adjusted EBITDA %</i>	13.7%	14.8%	6.4%		12.7%	11.9%	4.3%	3.9%		7.6%

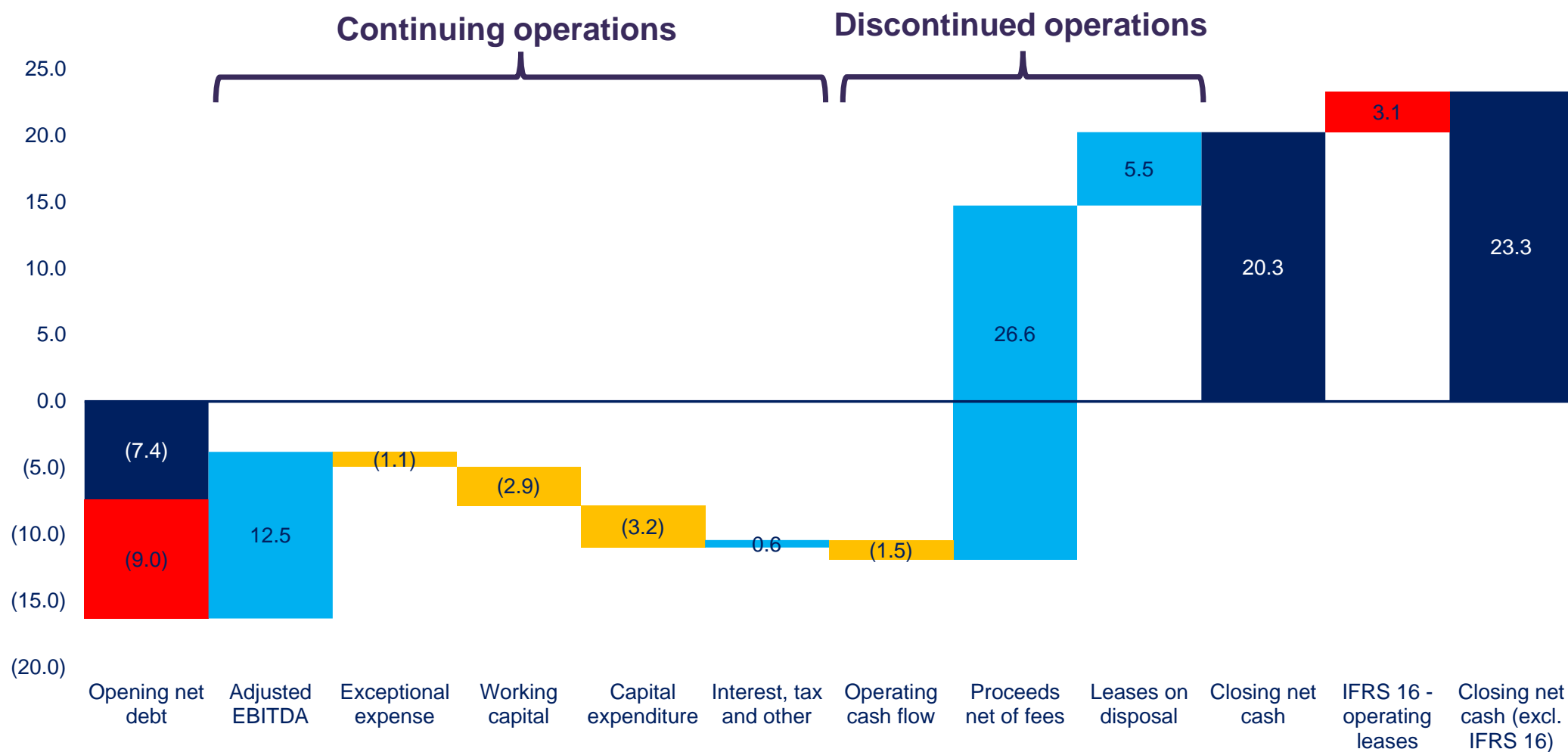
* Energy PSRE restated for PB disposal

Balance Sheet



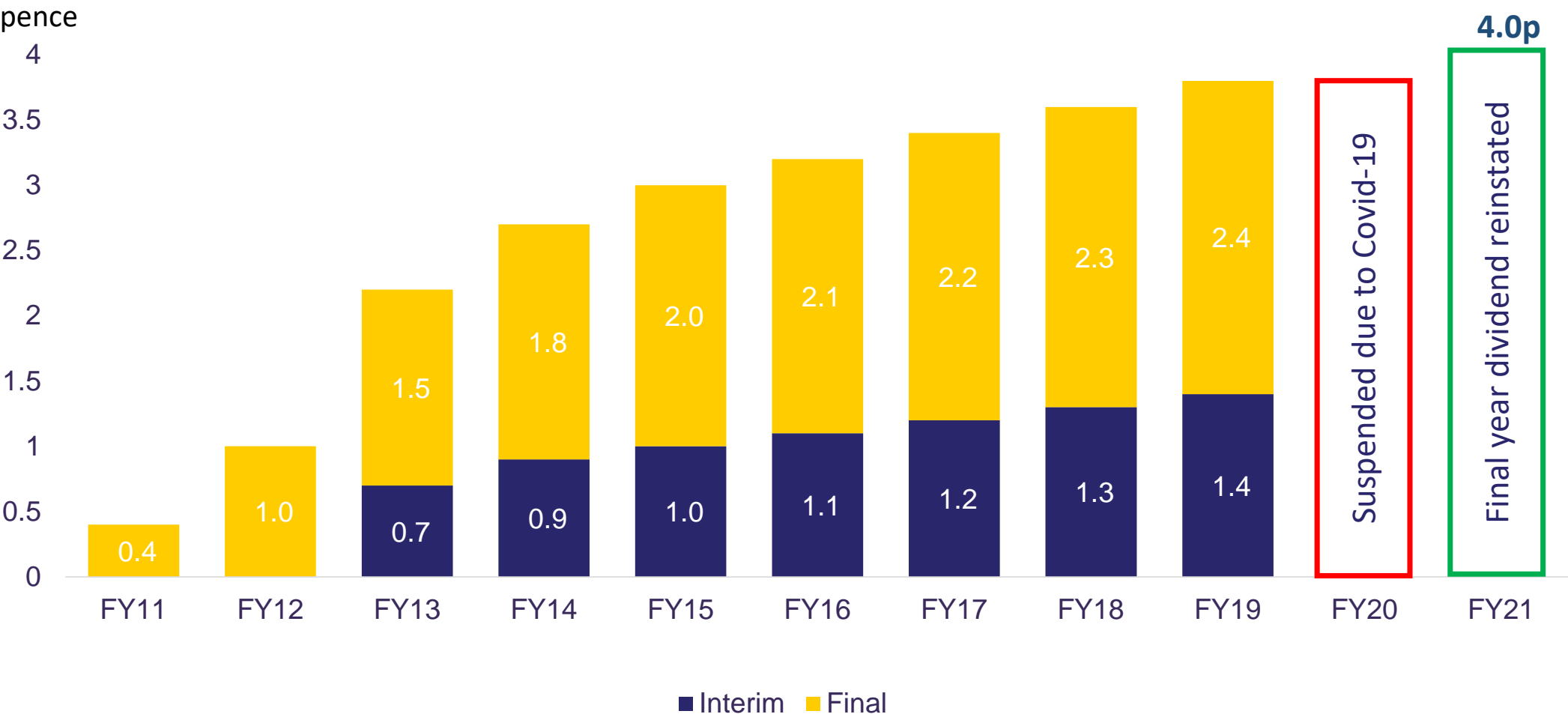
	FY21	FY20
	£m	£m
Tangible fixed assets	25.3	34.4
Goodwill	21.2	23.5
Other intangible	14.5	13.8
Deferred Tax Asset/Pension Surplus	3.1	2.9
Working capital	21.3	20.0
Tax	-	1.2
Net Cash/(Debt) (<i>incl £3.0m IFRS16</i>)	20.3	(16.3)
Provisions	(1.7)	(5.6)
Derivative	(0.1)	-
Creditors > 1 year	(1.3)	(1.5)
Deferred Tax Liability	(3.5)	(2.5)
Net Assets	99.0	69.9
<i>Net Cash/(Debt) to Equity</i>	20.5%	(23.4%)
<i>Net Cash/(Debt) to Equity (excl. IFRS 16 impact)</i>	23.5%	(10.5%)

FY21 Movement in net cash/(debt) (£m)



Impact on net debt from prior year adoption of IFRS 16

Dividend growth



Tax highlights – future profits protected



- Effective tax rate 7.0%
- Tax refund received in the US kept the charge lower than expected.
- Tax losses of £22.6m available for future use with £6.1m of these recognised as a deferred tax asset – Future upside.
- As per the UK March 2021 budget, the tax rate will increase to 25% by 2023. The deferred tax asset at 31 May 2021 has been calculated based on these rates.

Summary

- ✓ **Record year for profits**
- ✓ **Revitalisation of Hayward Tyler, Energy Steel and Booth remains on plan**
- ✓ **Order book: robust despite some delays and disruption**
 - ✓ Significant Nuclear sector contract wins in the UK, USA, and South Korea
 - ✓ Sellafield 3M3 box project now worth **£70m** and moves to volume production phase
 - ✓ Exciting potential for Medical in compact, helium-free MRI system applications
- ✓ **Strong balance sheet – net cash of **£23.3m** at period end – on target**
- ✓ **PIE strategy (Pinpoint-Invest-Exit) for organic growth and added value through M&A**
 - ✓ Magnetica **Pinpointed** and integration on target. **Investment** is underway
 - ✓ **Exit** of Peter Brotherhood for **£35m** enterprise value - almost 4X initial capital investment
- ✓ **Dividend reinstated at **4.0p** (final). Interim/final pattern to recommence in FY22**
- ✓ **Outlook: confident about PIE strategy and prospects**

Appendix

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

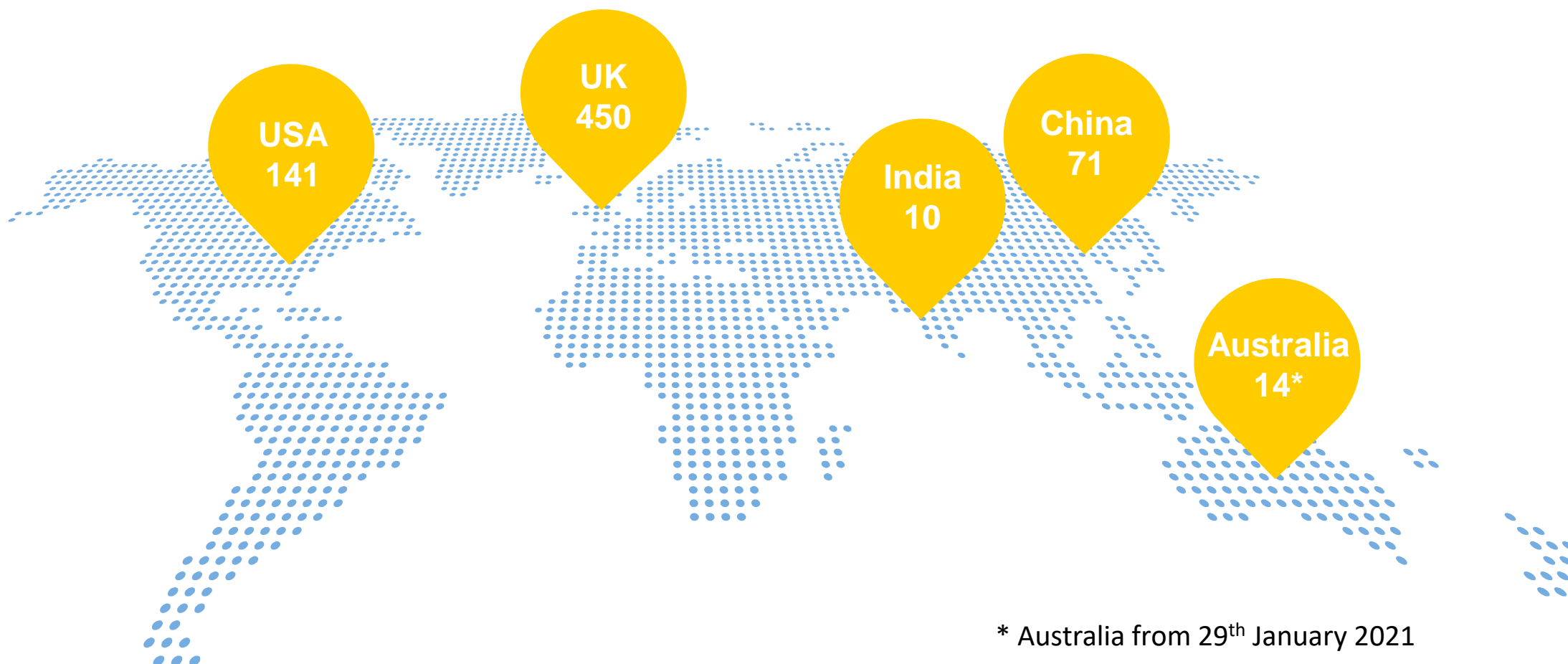
Right first time, on time. Our products and services have enduring value to our customers



Agility

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










Our locations and employees (31 August 2021)



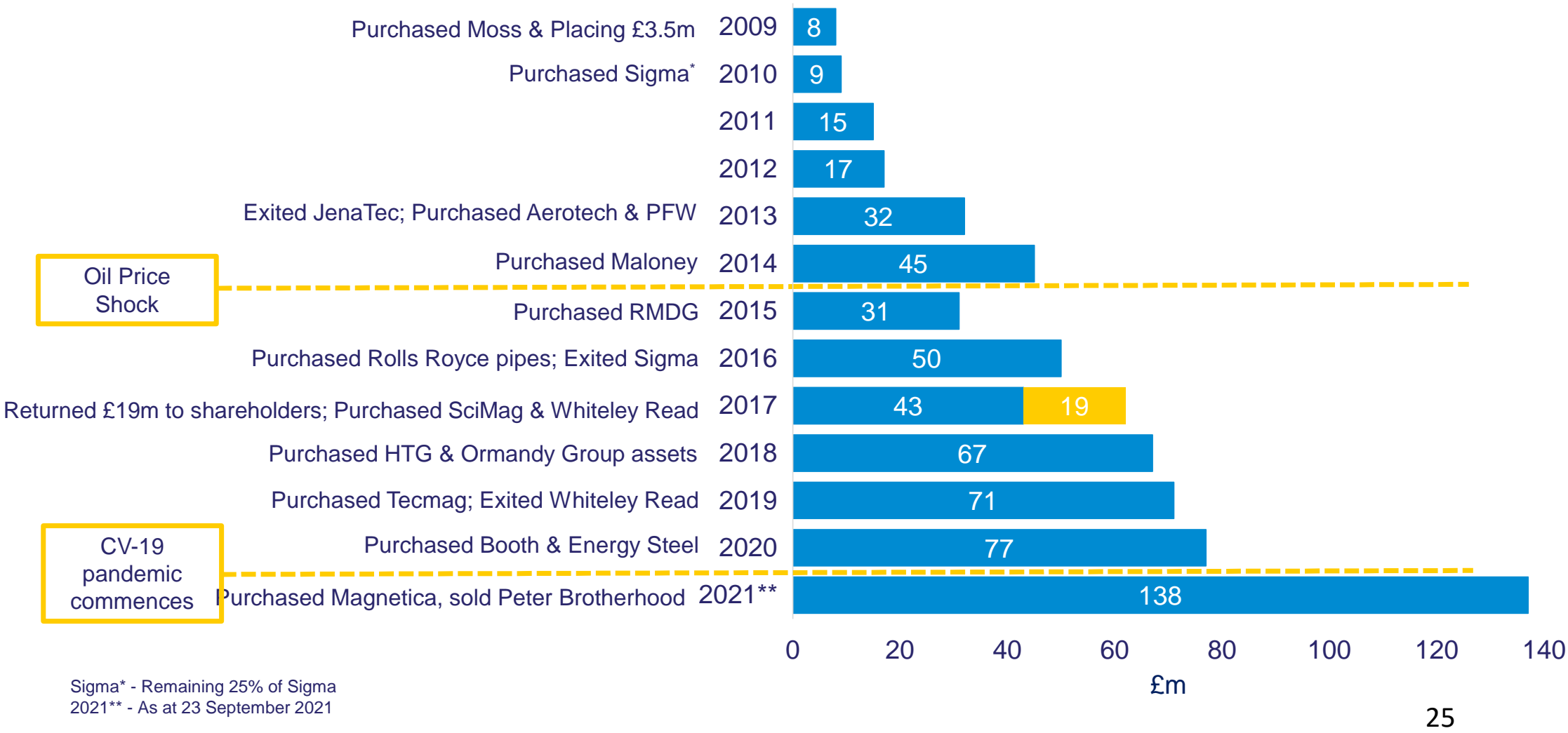
* Australia from 29th January 2021

Environment, Social and Governance (ESG) Avingtrans

- Our goal is to ensure sustainability is embedded into our pinpoint-invest-exit business strategy. In 2021, we have reassessed our approach to sustainability, aligning ourselves with the UN's Sustainable Development Goals (SDGs). We consider the following to be our priorities:

Development of new technologies	Operational eco-efficiency	Health, safety and wellbeing
<ul style="list-style-type: none"> Development of new pumps for Small Modular Reactors (SMRs), Nuclear Fission (ITER project), and Molten Chloride Fast Reactors (MCFRs) Adapting existing fossil-fuel technologies for concentrated solar power (CSP) Going helium-free in our new compact MRI units Development of storage vessels for intermediate level waste from Sellafield power station 	<ul style="list-style-type: none"> Supporting sites to achieve the ISO 14001 Environmental Management accreditation Installation of LED lighting to reduce energy consumption and create a safer working environment On-site power generation including solar power and combined heat and power units Establishment of Streamlined Energy and Carbon Reporting (SECR) 	<ul style="list-style-type: none"> Creation of covid-19 safe workplaces by taking measures such as: <ul style="list-style-type: none"> Shielding of vulnerable employees Factory and office re-layouts Enhanced cleaning and site hygiene Supporting sites to achieve the ISO 45001 Health and Safety accreditation Board level oversight including site inspections
<div>7 AFFORDABLE AND CLEAN ENERGY</div>  <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div>  <div>13 CLIMATE ACTION</div> 	<div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div>  <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>  <div>13 CLIMATE ACTION</div> 	<div>3 GOOD HEALTH AND WELL-BEING</div>  <div>8 DECENT WORK AND ECONOMIC GROWTH</div>  <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> 

Market capitalisation progression (£m)



Sigma* - Remaining 25% of Sigma
2021** - As at 23 September 2021

Blue chip partnerships



HS2

VATTENFALL 



EUREKA

Shinhoo
PUMPS & MOTOR

STP
Nuclear Operating Company



Rapiscan
systems
An OSI Systems Company

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)
	Peter Brotherhood	9.3 (FY18)	35.0 (FY21)

¹ – Enterprise Value

Largest investors



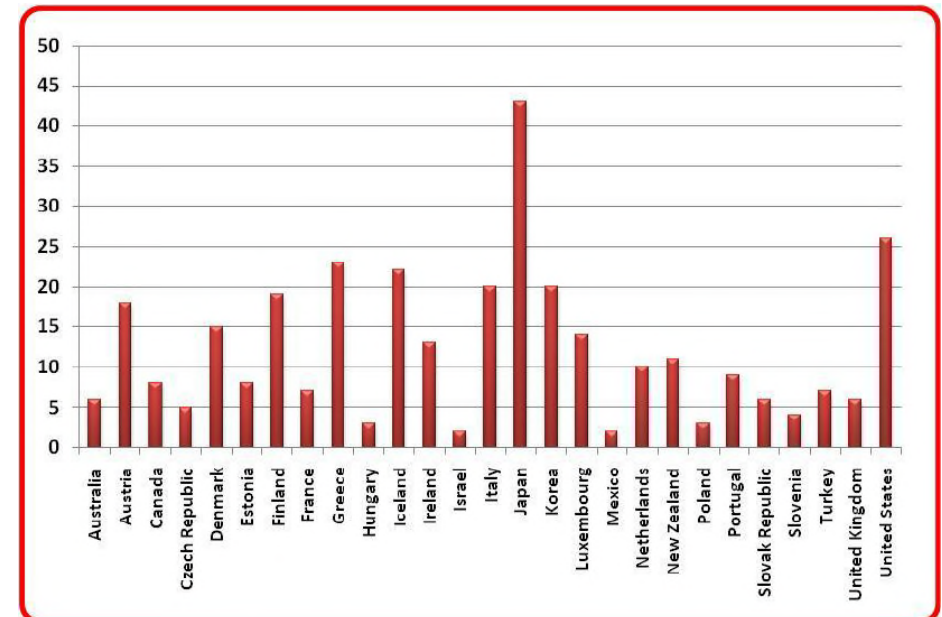
Ordinary shares of 5p each	Number of shares (000s)	% of total shares
Harwood Capital	4,034	12.6%
Funds managed by Business Growth Fund	2,363	7.4%
Funds managed by Unicorn Asset Management Ltd	1,946	6.1%
Funds managed by RBC Trustees Limited	1,867	5.8%
RS McDowell's Pension Fund	1,406	4.4%
P McDowell's Pension Fund	1,053	3.3%
Funds managed by Threadneedle Investments	1,039	3.2%
LGT Bank	973	3.0%
Other PDMR's excluding RS McDowell	932	2.9%

Shows the position at 28 September 2021

The MRI Market

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



- 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

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

