

# **Results for 6 months ended 30 November 2023**

**Steve McQuillan, CEO**

**Stephen King, CFO**

# Financial highlights

Group Revenue

**£65.2m**

FY23 1H: £50.0m

Gross Profit Margin

**31.6%**

FY23 1H: 32.6%

Adjusted EBITDA

**£7.3m**

FY23 1H: £6.4m

Adjusted Diluted EPS

**11.7p**

FY23 1H: 10.8p

Interim Dividend\*

**1.8p**

FY23 1H: 1.7p

Net Debt\*\*

**£2.2m**

31 May 2023:  
Net cash £13.0m

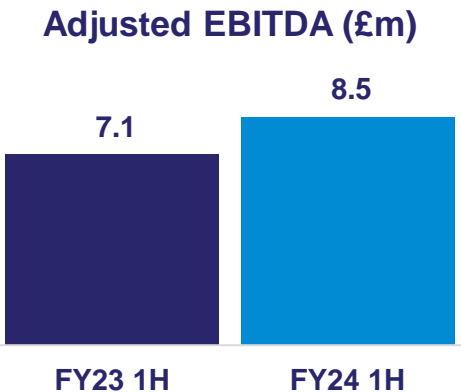
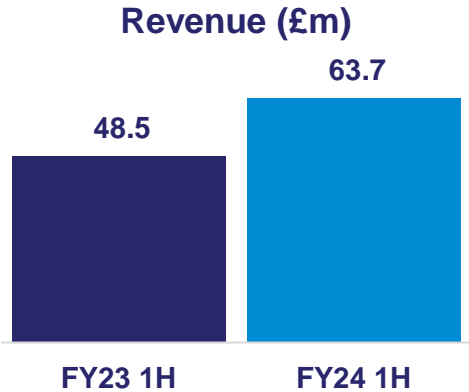
\* Interim Dividend - Currently proposed

\*\* Net Debt impact of IFRS 16 removed

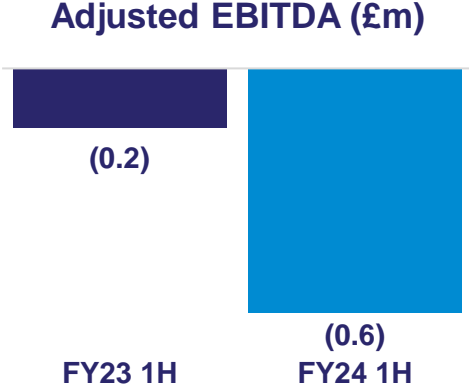
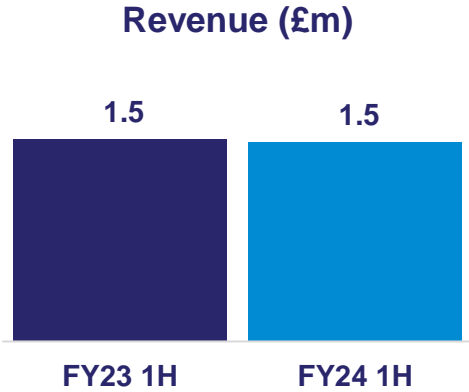
# Our divisions and brands

In the period, we consolidated our Engineered Pumps and Motors (EPM) and our Process Solutions and Rotating Equipment (PSRE) divisions into a single division, Advanced Engineering Systems (AES).

## Advanced Engineering Systems (AES)



## Medical and Industrial Imaging (MII)



## Pinpoint

- Focus on targeting highly regulated markets.
- Grow existing businesses through bolt-on acquisitions

## Invest

- People
- Facilities and equipment
- Technology and IP
- Routes to market

## Exit

- Return value to shareholders
- Fund new acquisitions
- Fund research and development of new products



## Strengthening the portfolio



- The Group acquired the assets of Slack & Parr for £4.1m
- Specialist gear pumps complement HT product range
- Extends product portfolio – including aftermarket offering
- Modern, well-invested leased site in Kegworth, UK
- Additional service and support centres in the USA and China
- Site rationalisation has already reduced total overhead costs

A Gear Pump



## Developing world class products



- Magnetica - compact helium-free MRI systems
- Adaptix – compact 3D X-ray systems
- Magnetica appointed its first US distributor
- Adaptix remaining shares acquired for £7.2m, incl. debt
- Initial markets are orthopaedic, veterinary and NDE\*
- Businesses are collaborating on commercialisation of their complementary technologies

\* NDE = Non-Destructive-Evaluation



**RSNA Imaging Conference, Chicago**



## 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

3<sup>rd</sup> 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 - AES

## Advanced Engineering Systems (AES) division

- created by combining the former EPM and PSRE divisions

## Hayward Tyler, Slack and Parr, Energy Steel

### • Markets

- Nuclear – on-going life extension focus
  - Further contract wins in USA and EU “life extension” market
  - Next Generation nuclear – \$10m TerraPower contract
- Hydrocarbons – North Sea orders still increasing
  - Chinese Market continues to expand
  - Focus on aftermarket, with 3<sup>rd</sup> party products targeted
- Defence – further UK Government contracts won at HT Luton

### • Facilities

- Optimising use of HT sites
- Sale process for Luton site still on-going – subject to further market delays

- **Acquisition:** assets of Slack & Parr acquired for £4.1m. Recovery well underway



**TerraPower technician with  
HT molten salt pump**

## Metalcraft, Ormandy, Booth, Composite Products

- **Markets**
  - Nuclear decommissioning (Metalcraft)
    - 3M3 box contact progressing. £14.5m of new orders won
  - Defence (Booth) – UK Government contracts extended
  - Infrastructure (Booth) – £36m HS2 contract proceeding to plan
  - HVAC<sup>1</sup> (Ormandy) – orders continue to build. Strong backlog.
    - HEVAC/HES fully integrated and results improved year on year
  - Composites – focus on industrial customers, like Rapiscan
- **Facilities** – Refurb at Metalcraft for NRS<sup>2</sup> (formerly Magnox) contract
- **Products** – further range expansion at Booth and Ormandy. Nuclear focus at Metalcraft
  - no “destocking” issues for AES businesses – products are make to order



1 – HVAC = Heating, Ventilation and Air Conditioning  
2 – NRS = Nuclear Restoration Services

# Divisional priorities - MII

## Magnetica, Scientific Magnetics, Tecmag and Adaptix

### • Medical and Veterinary Imaging

- Acquisition of remaining shares in Adaptix for £7.2m, including debt
- Convergent orthopaedic / veterinary market focus
- Addressable imaging market estimate now over **\$7bn**
- Plans on track to meet key milestones in 2024 and beyond
- Additional investments in Magnetica (MRI) and Adaptix (3D X-ray)

### • NMR – steady progress on Tecmag spectrometer sales and service

### • Science – niche magnet & cryogenic product sales continuing

### • Facilities

- Magnetica and Tecmag both moved to bigger premises
- Adaptix: new factory in Scotland, to facilitate volume production

### • Products

- MRI system anticipating 510(k) FDA approval in early FY25.
- Adaptix now marketing orthopaedic and vet products, building volume
- Adaptix also has initial sales for non-destructive evaluation (NDE) product



# Financial Highlights

# Financial performance

£m	FY24 1H	FY23 1H	FY23
<b>Revenue</b>	<b>65.2</b>	<b>50.0</b>	<b>116.4</b>
<i>Revenue LFL*</i>	62.0	50.0	116.4
<b>Gross Profit</b>	<b>20.6</b>	<b>16.3</b>	<b>38.3</b>
<i>Gross Profit LFL*</i>	19.9	16.3	38.3
<b>Gross Profit %</b>	<b>31.6%</b>	<b>32.6%</b>	<b>32.9%</b>
<i>Gross Profit % LFL*</i>	32.1%	32.6%	32.9%
<b>Adjusted EBITDA</b>	<b>7.3</b>	<b>6.4</b>	<b>13.7</b>
<i>Adjusted EBITDA – LFL*</i>	8.3	6.4	13.7
<b>Adjusted EBITDA %</b>	<b>11.2%</b>	<b>12.8%</b>	<b>11.8%</b>
<i>Adjusted EBITDA % - LFL*</i>	13.4%	12.8%	11.8%
<b>Adjusted Profit before tax</b>	<b>4.4</b>	<b>4.0</b>	<b>9.0</b>
<i>Adjusted Profit after tax</i>	3.9	3.6	7.8
<b>Adj. Diluted EPS (pence)</b>	<b>11.7</b>	<b>10.8</b>	<b>23.4</b>

LFL\* - Like for Like - removes the impact of new acquisitions: Slack & Parr, and Adaptix.

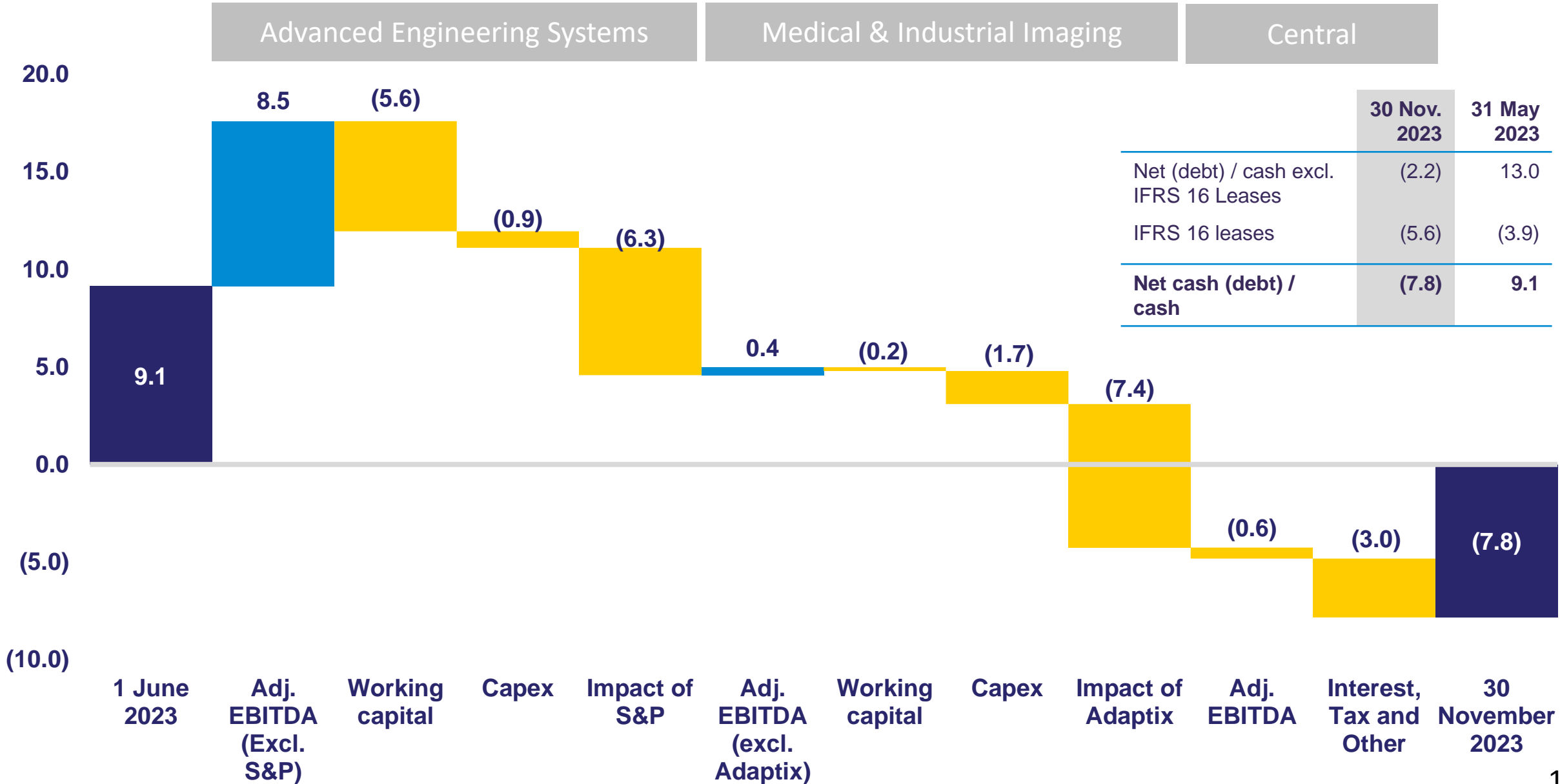
# Divisional Results

	AES £'m	MII £'m	Central £'m	FY24 1H £'m	AES £'m	MII £'m	Central £'m	FY23 1H £'m
<b>Revenue:</b>								
Original equipment	40.7	1.3	-	42.0	29.9	1.5	-	31.4
Aftermarket	23.1	0.2	-	23.2	18.6	0.0	-	18.6
<b>Total Revenue</b>	<b>63.7</b>	<b>1.5</b>	<b>-</b>	<b>65.2</b>	<b>48.5</b>	<b>1.5</b>	<b>-</b>	<b>50.0</b>
<b>Operating profit/(loss)</b>	<b>5.5</b>	<b>(1.1)</b>	<b>(0.8)</b>	<b>3.6</b>	<b>4.5</b>	<b>(0.3)</b>	<b>(0.6)</b>	<b>3.6</b>
Adjustments:								
Exceptional expenses	0.3	0.1	0.3	0.6	0.1	0.0	0.1	0.1
Amortisation of acquired intangibles	0.4	-	-	0.4	0.6	-	-	0.6
<b>Adjusted EBIT</b>	<b>6.2</b>	<b>(1.1)</b>	<b>(0.6)</b>	<b>4.6</b>	<b>5.1</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>4.3</b>
Depreciation and amortisation	2.3	0.4	-	2.7	1.9	0.2	-	2.1
<b>Adjusted EBITDA</b>	<b>8.5</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>7.3</b>	<b>7.1</b>	<b>(0.2)</b>	<b>(0.5)</b>	<b>6.4</b>
<i>Adjusted EBITDA %</i>	13.3%	(43.0)%	-	11.2%	14.6%	(10.2)%	-	12.8%

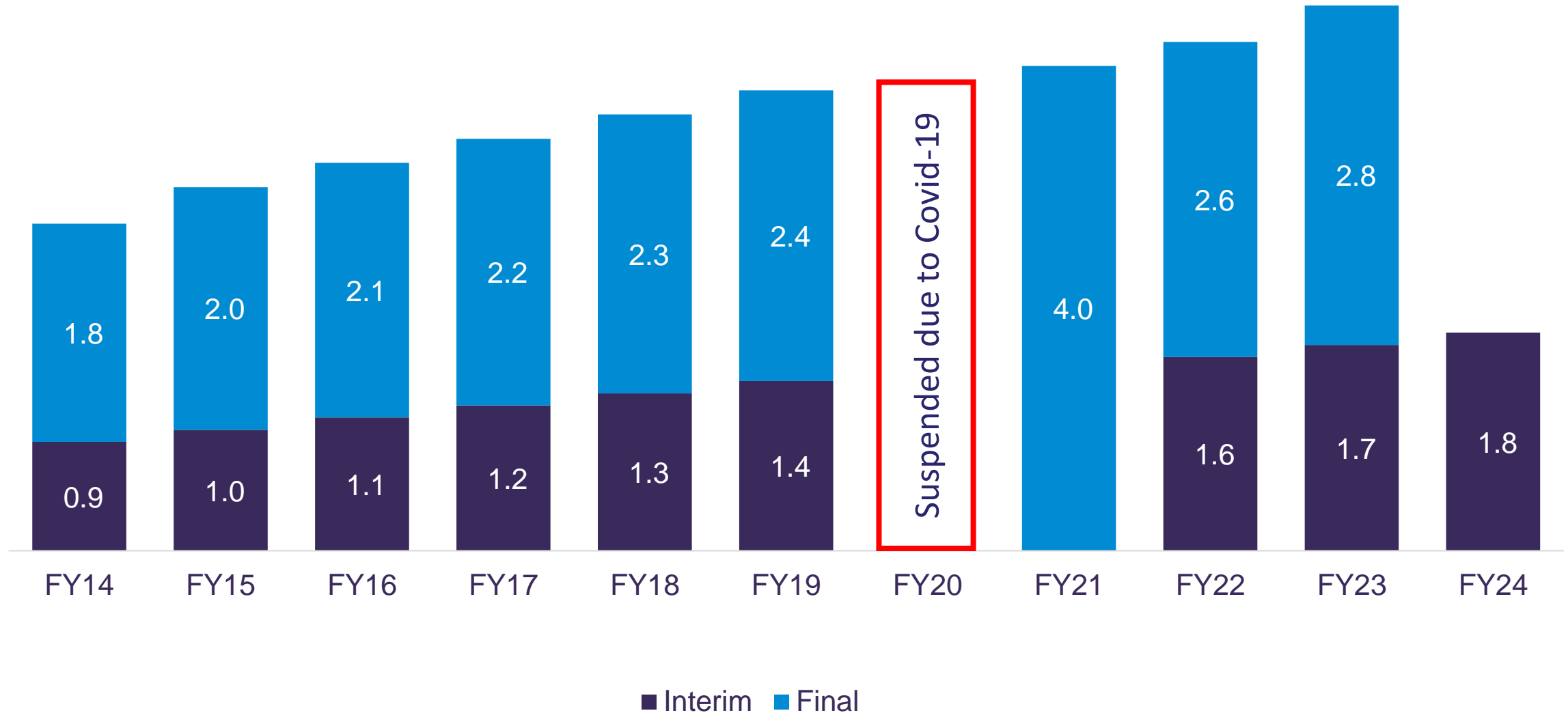
# Balance Sheet

	FY24 1H	FY23 1H	FY23
	£'m	£'m	£'m
Tangible fixed assets	28.5	23.2	23.6
Goodwill	28.5	21.2	21.6
Investments	-	4.0	8.0
Other intangibles	28.9	16.2	18.8
Deferred tax asset & pension surplus	1.5	3.6	1.2
Working capital	39.2	33.6	31.7
Provisions	(1.2)	(1.7)	(1.3)
Tax liability	0.4	(0.7)	(0.7)
<b>Net (debt)/cash incl. IFRS 16</b>	<b>(7.8)</b>	<b>14.5</b>	<b>9.1</b>
Creditors > 1 year	(0.3)	(1.3)	(0.4)
Deferred tax liability	(4.6)	(4.5)	(3.2)
<b>Net assets</b>	<b>113.0</b>	<b>108.5</b>	<b>108.5</b>
<i>Net (debt)/ cash to equity</i>	<i>(6.9)%</i>	<i>13.4%</i>	<i>8.4%</i>
Net (debt)/cash excl IFRS 16	<b>(2.2)</b>	<b>17.3</b>	<b>13.0</b>

# Movement in net cash (£'m)



# Dividend growth (pence per share)



- ✓ **H1 FY24 - on target to deliver full year expectations - despite some on-going supply chain issues**
- ✓ **Results improving, in particular at Hayward Tyler, Booth and Ormandy**
- ✓ **Order book: best order cover position since before the pandemic (no “destocking” as make to order)**
  - ✓ Nuclear sector contract wins in the UK (eg **£3m** Forsmark) and USA (eg **\$10m** TerraPower)
  - ✓ Sellafield 3M3 box project and NRS (formerly Magnox) contracts awarded worth **£14.5m**
  - ✓ HS2 project continues to build momentum (and no impact from the phase 2 cancellation)
  - ✓ Exciting potential for MII, in compact MRI and 3D X-ray systems. Estimated market size **>\$7bn**
- ✓ **Strong balance sheet – net debt of just **£2.2m** (excl. IFRS 16) in H1 – in line with expectations**
- ✓ **PIE strategy (Pinpoint-Invest-Exit) for organic growth and added value through M&A**
  - ✓ Acquisition of assets of Slack & Parr for **£4.1m**
  - ✓ Adaptix remaining shares acquired for a total of **£7.2m**, including debt
- ✓ **Interim dividend progresses to **1.8 pence****
- ✓ **Outlook: the Board remains watchful, but also confident about our strategy and prospects**

# Appendix 1

## Imaging Update

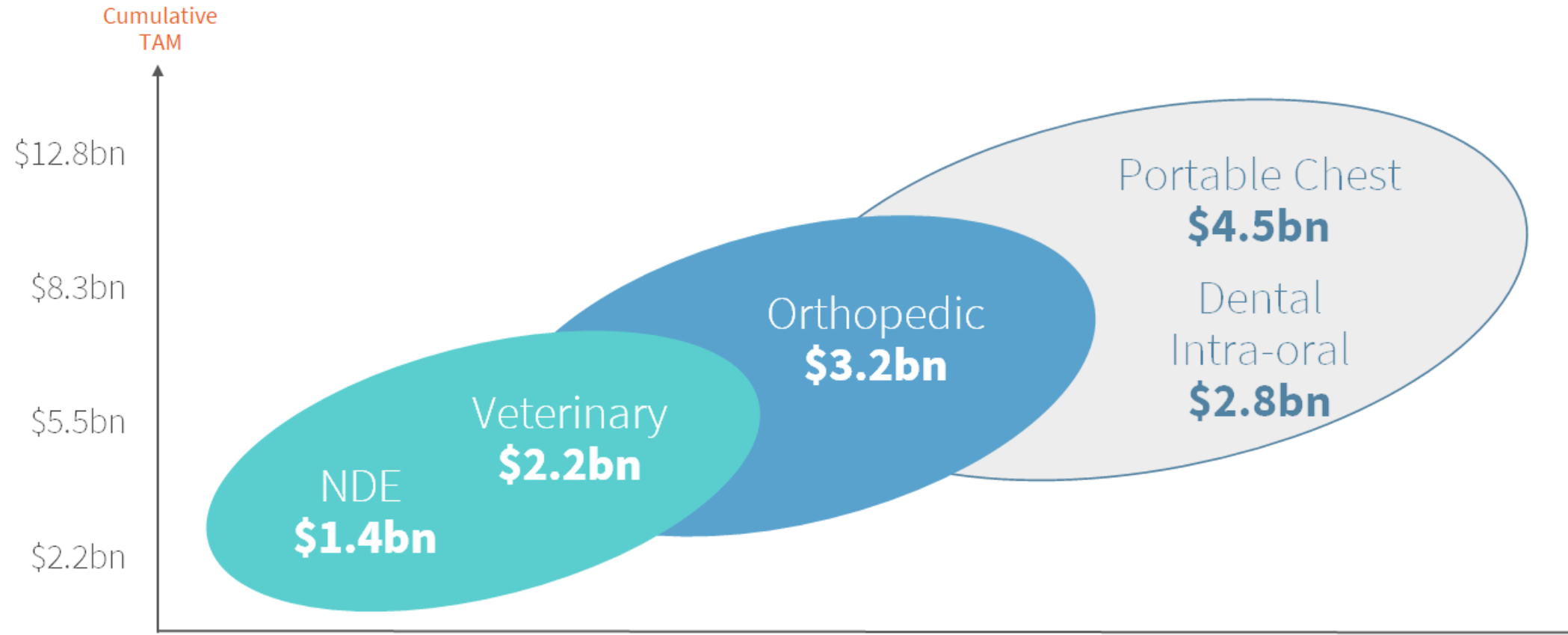
# Adaptix Update

- ✓ Stabilised company post-acquisition
- ✓ Refocussed business around 3 products: NDE, Vet, Ortho
- ✓ Changed business plan toward a capital sales model
- ✓ Commercialised Vet & NDE
- ✓ Received first orders on new purchase model
- ✓ Distributors in place
- ✓ Production facility in Scotland progressing well
- ✓ Successful BSI regulatory audit with zero findings
- ✓ US commercial entity established
- ✓ Strong industry feedback at Trade Shows (RSNA, LVS, BSAVA etc.)

**Avingtrans provides stability and long-term support**

Allowing us to build a meaningful business

# Large Total Addressable Market



## Update NDE

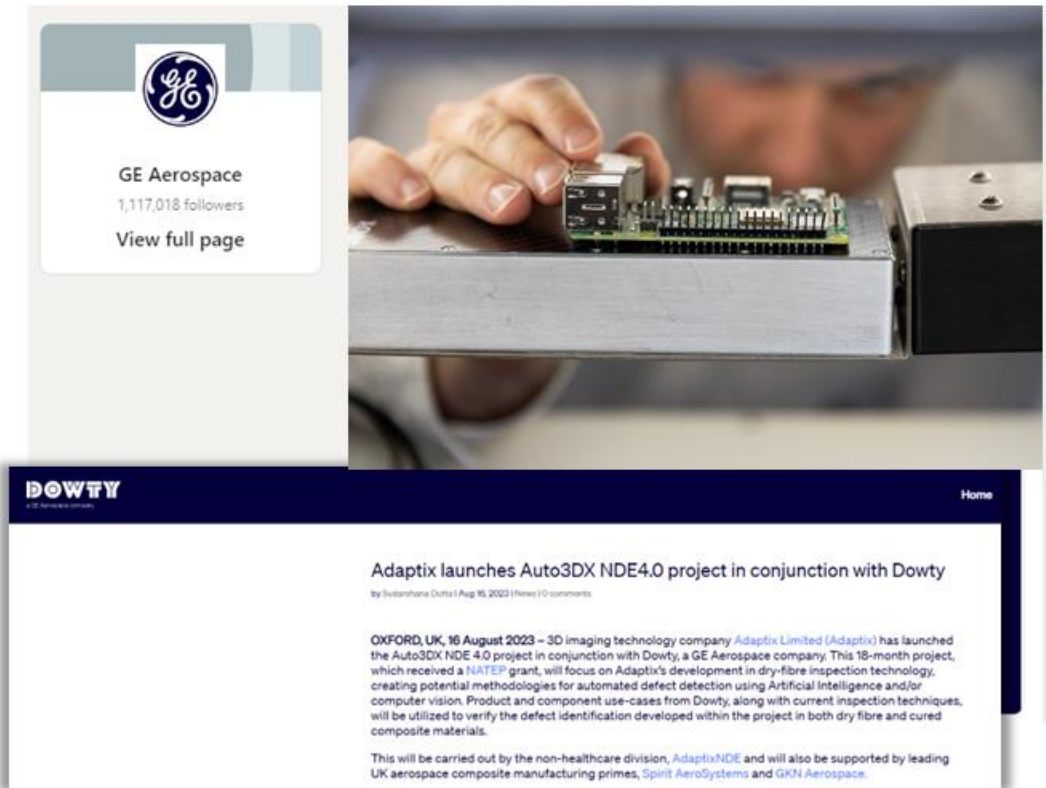
- ✓ Featured in the UK Government Advanced Manufacturing Plan
- ✓ Substantially progressed the products
  - Improved imaging capability
- ✓ Approved under HSE's new rules
- ✓ Repeat business from Aerospace sector
- ✓ Aerospace prime 'excited about Adaptix NDE'

## What our users say...

“ Azego TSLTD, a leading supplier of electronic components, are very pleased to express our satisfaction with the cutting-edge 3D X-ray scanner provided by Adaptix. We have been utilising their advanced technology to enhance our capabilities in the field of counterfeit detection in the electronic component industry, and the results have been nothing short of exceptional. ”

“ Working with Adaptix has shone a light on cross-industry inspection methods and the opportunities and benefits they can bring to aerospace. By leveraging the various product forms within Dowty's manufacturing cycle, we aim to understand defects earlier in our process and assist with developing the maturity of inspection method and analysis techniques at Adaptix to benefit the wider aerospace industry. ”

J. Markey, Future Technology Engineering Project Manager - Dowty.



## Update **VET**

- ✓ Major hardware upgrade to system
- ✓ Major software updates aiding useability
- ✓ First commercial sale under capital model
- ✓ Evaluation units at several major corporate veterinary groups
- ✓ Service and support function now established as part of commercialisation
- ✓ US Distributor now in place
  - Demonstration unit with Distributor
- ✓ Live demonstrations at major veterinary trade shows (LVS & BSAVA)



## What our users say...

“ I have only been using the Adaptix machine for two weeks but it has already exceeded my expectations. **The image quality is superb** and makes dental radiography in particular, so much easier and faster. **I suspect it will make my existing machines redundant.** ”

Dr. Michael E. – UK Vet

“ We use the Adaptix 3D X-ray for all of our dental work. The **images are consistently good** so we save time as we never have to repeat the imaging procedure to get a good view. ”

Dr. M. Hess. – US Vet

“ This Adaptix system has been amazing! It is easy to use; **so much faster than intra-oral**. I take 3 views in 5 minutes, which is far more simple than the difficult intra-oral method. I would recommend this system for improved workflow, speed, resolution and **reduced sedation time.** ”

M. Gonzales, X-ray technologist – US

“ We’ve been using the Adaptix machine for 12 weeks. **The team adore it!** In orthopaedics it bridges the gap between the two modalities on 2D X-ray and CT. ”

Dr. P E. – UK Vet

## Update **Ortho**

- ✓ FDA Clearance
- ✓ Setting up manufacturing line at Scotland facility
  - Robust supply chain (including fab.) progressing well
- ✓ Potential demand for the product larger than anticipated
- ✓ US distributor in place



## What potential users said ...

“ I wish all my clinics had one of these. ”

Radiologist serving communities in Alabama

“ I have a long-held vision of a different way of handling radiography in frontline clinics; patient centered and very efficient. **Adaptix's FPS may be the means of making my vision a reality.** ”

Radiologist. – New Zealand

“ Really *extraordinary.* ”

CEO of major radiology company

# Reimagine the way you experience MRI

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Magnetica is redefining magnetic resonance imaging technologies.

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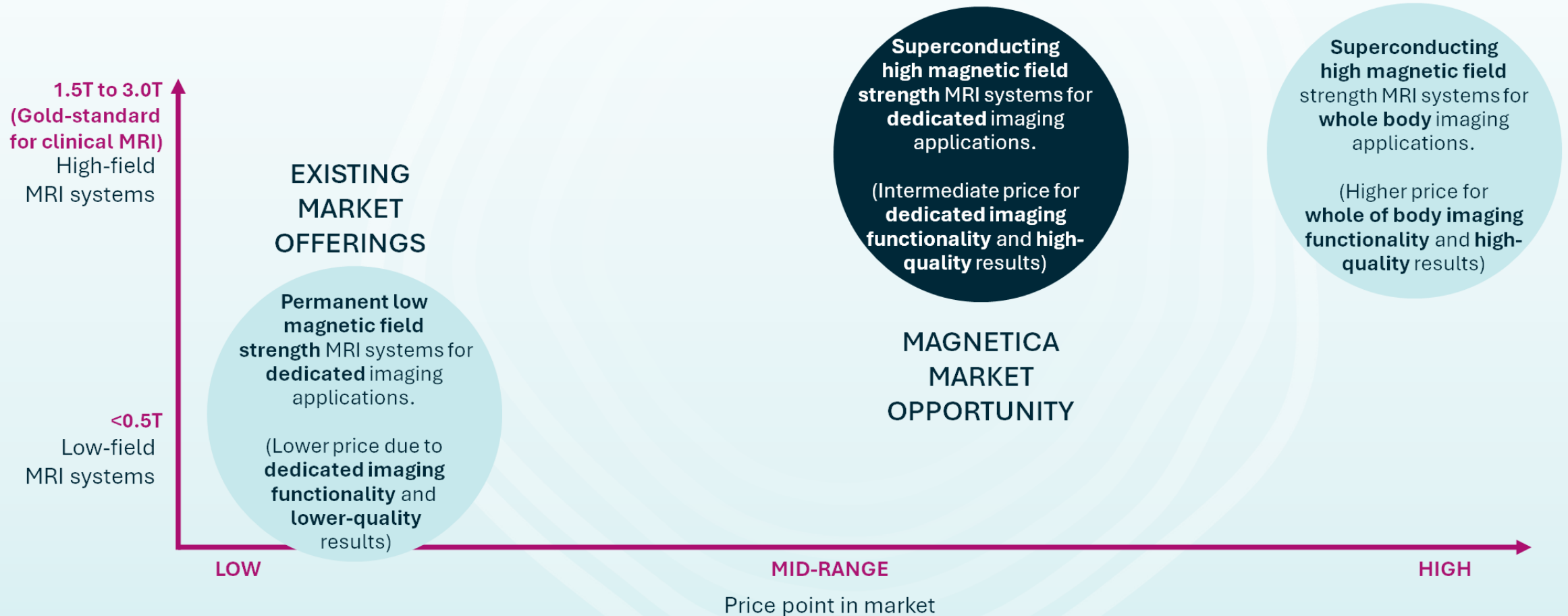
We are innovating to deliver application-specific MRI solutions.

Our specialties include compact superconducting MRI systems and MRI sub-systems.



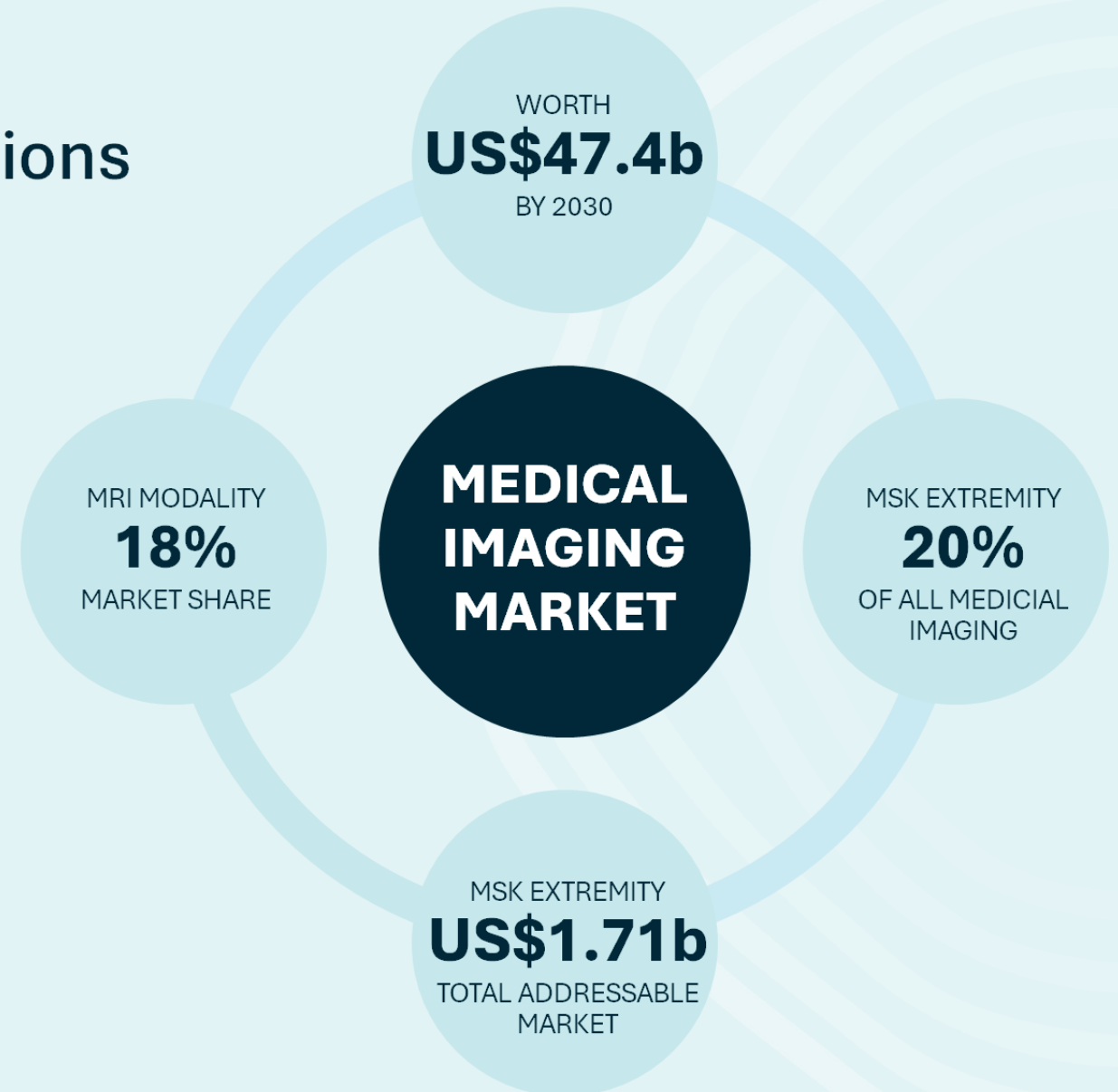
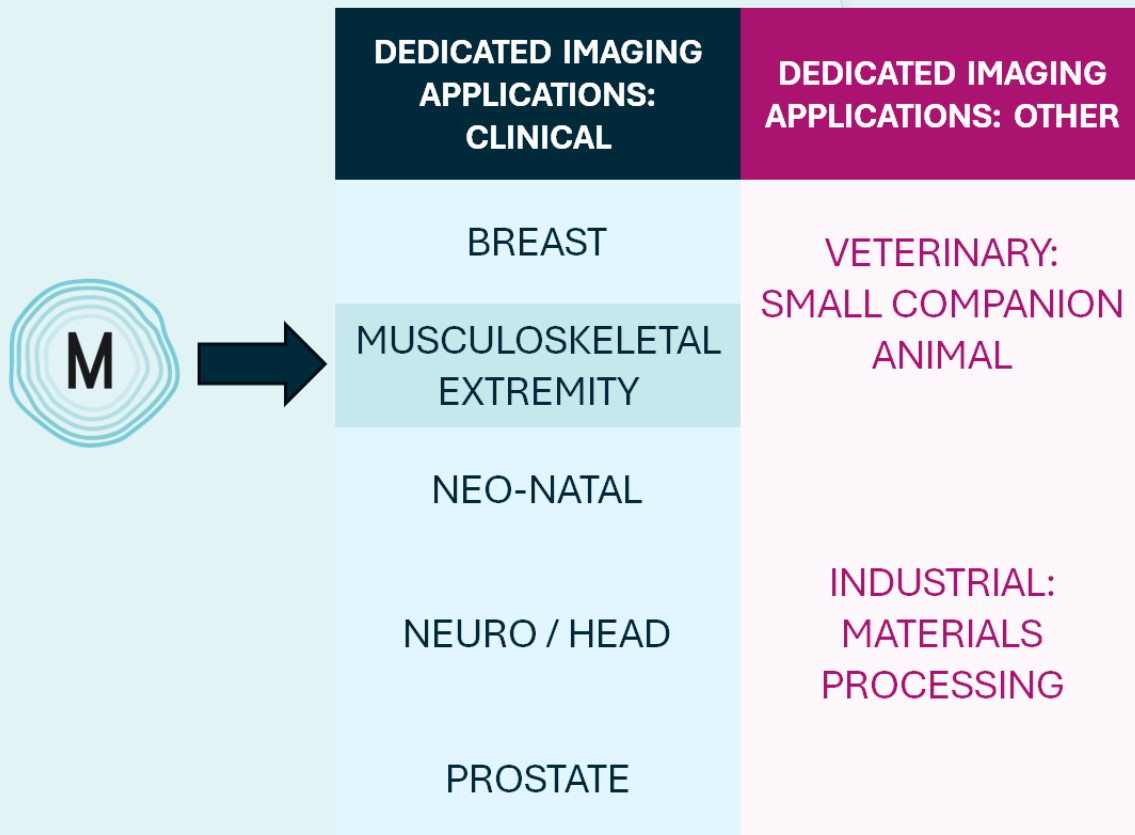
**MAGNETICA UPDATE**

## Our position in the MRI market landscape



T = Tesla, the unit of magnetic field strength

## Initial and future market applications



## MSK 3T: MRI REIMAGINED



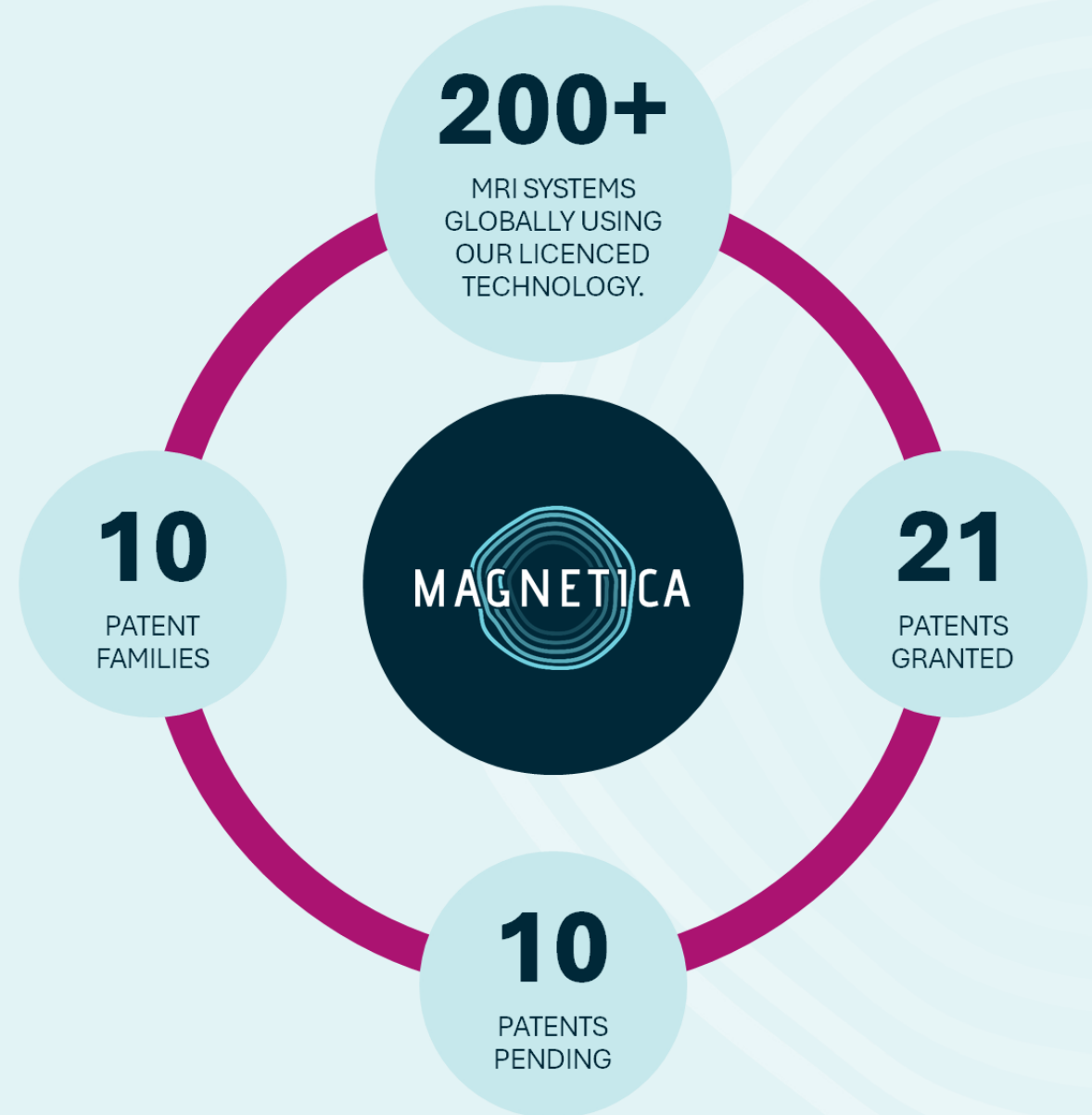
# Magnetica's strong IP Portfolio

Magnetica Ltd has a growing IP (intellectual property) portfolio of patents and trade secrets.

As an industry disruptor, Magnetica has transformed many technologies, leading to the current and evolving product range. Continued advancement is augmented by the creative mindset, and expansive skillset across our global team.

We continue to add to our IP portfolio through our new and ongoing innovations.

Magnetica was the brainchild behind the 1.5T cryogen-cooled magnet used in the celebrated GE Healthcare Optima MR430s MRI system.



## 2024 FDA application and beyond

As we head toward the final stages of preparation for US market entry, Magnetica has been focused on key activities, to prime the market for our launch.



### Marketing

Strengthening brand awareness,  
Capturing and qualifying leads



### Networking & PR

Attending & exhibiting at key industry  
events (ESSR, ISMRM, ISS, RSNA, SSR)



### Capital sales model

Initial commercial engagement. Future  
options for lease or pay-per-scan models



### Distribution model

...for Sales and Service adopted for  
larger markets (US, EU)



### US Distribution

Signed first distribution agreement with  
Televere Systems in the US



### Prototype launch

First public launch of prototype MRI  
system at RSNA 2023



### FDA application

Final stages product development ahead  
of 510(k) submission to US FDA



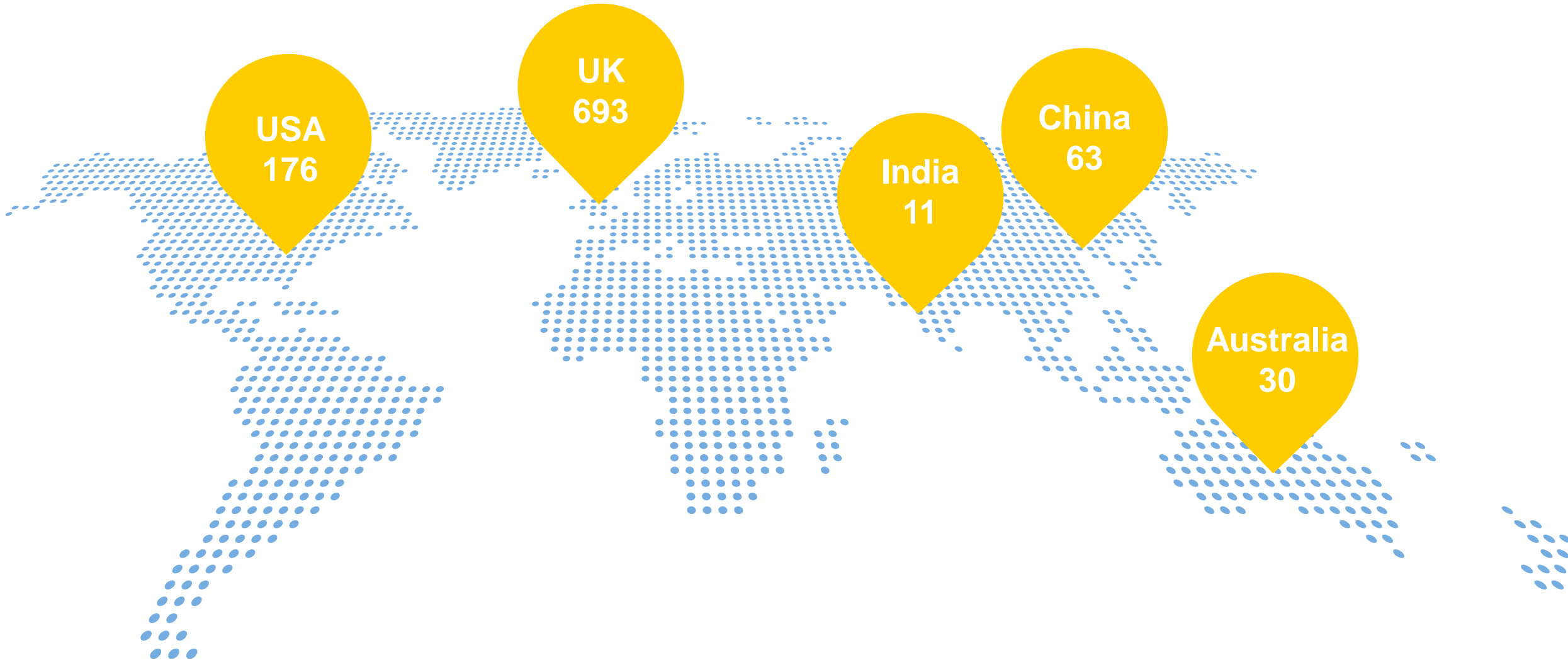
### New premises

Magnetica and Tecmag relocated, in  
readiness for production scale up/growth

# Appendix 2

## Background Info

# Our locations and employees (31 December 2023)



## 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

# Environment, Social and Governance (ESG) Avingtrans

- Our goal is to ensure sustainability is embedded into our pinpoint-invest-exit business strategy. Our approach to sustainability is aligned 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"><li>• Development of new pumps for Small Modular Reactors (SMRs), Nuclear Fission (ITER project), and Molten Chloride Fast Reactors (MCFRs)</li><li>• Adapting existing fossil-fuel technologies for concentrated solar power (CSP) and pollution reduction</li><li>• Going helium-free in our new compact MRI units</li><li>• Development of storage vessels for intermediate level waste from Sellafield power station</li></ul>	<ul style="list-style-type: none"><li>• Supporting sites to achieve the ISO 14001 Environmental Management accreditation</li><li>• Installation of LED lighting to reduce energy consumption and create a safer working environment</li><li>• Imbedding carbon tracking processes across all sites globally</li></ul>	<ul style="list-style-type: none"><li>• Supporting sites to achieve the ISO 45001 Health and Safety accreditation</li><li>• Board level oversight including site inspections</li></ul>
<div><div>7 AFFORDABLE AND CLEAN ENERGY </div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE </div><div>13 CLIMATE ACTION </div></div>	<div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE </div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION </div><div>13 CLIMATE ACTION </div></div>	<div><div>3 GOOD HEALTH AND WELL-BEING </div><div>8 DECENT WORK AND ECONOMIC GROWTH </div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION </div></div>

# Sustainability: progress

Feb

2019

## SCR Pump

Our Hayward Tyler business secures its first order for SCR pumps which removes nitrogen oxide emissions from coal power stations

Jan

2020

## ISO 14001

### Environmental Management

Our Kunshan site gains its ISO 14001 accreditation bringing the total up to 7 of the Group's 14 sites.

Jan

2021

## Acquisition of Magnetica

Development of a compact, helium-free MRI unit commences

Oct

2021

## Green Factory

We open our ultra low CO2 emissions factory at Booth Industries, Bolton.

May

2022

## Carbon tracking

All sites across the Group track and report scope 1 and scope 2 emissions under the SECR framework

May

2023

## Net Zero

Our first site achieved Carbon Net Zero on Scope 1 & 2 emissions.

Jun

2019

## Acquisition of Energy Steel

The Group boosts its nuclear products and services offering with the acquisition of Energy Steel, USA.

Sep

2020

## Training school

Our Metalcraft business secures a £3m grant to build a training school for the local community

Jun

2021

## Nuclear decommissioning

Our Metalcraft business secures phase 2 of a contract with Sellafield to produce 1,000 intermediate nuclear waste containment vessels.

Feb

2022

## Training school

Construction of the training school at Metalcraft is completed and partnership agreed to West Suffolk College to operate the site

Feb

2023

## ISO 14040 Life Cycle Assessment

Our first site completes ISO 14040 Lifecycle Assessment which looks at emissions over the life of a product

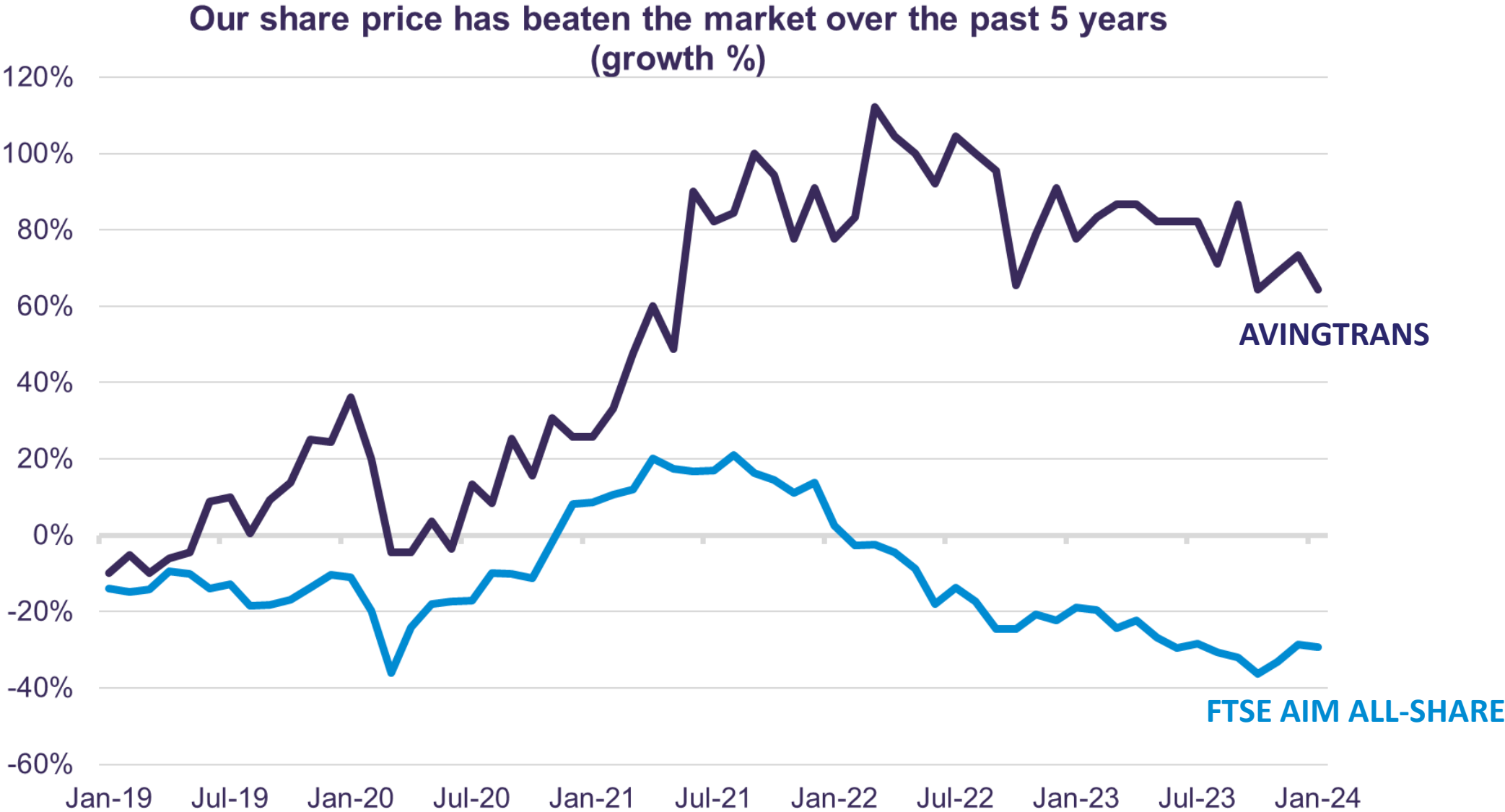
Jan

2024

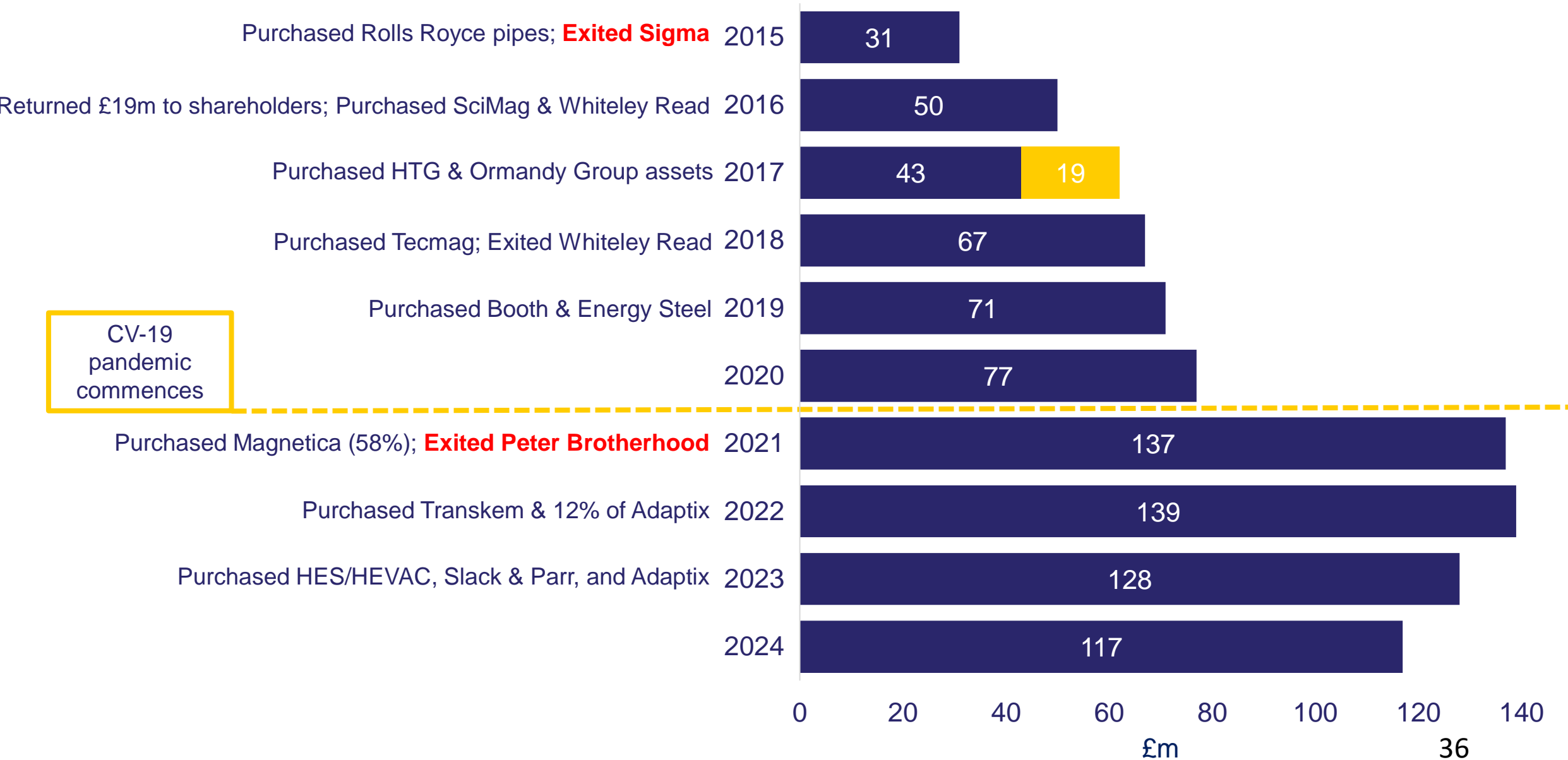
## ESG Committee

Establishment of an ESG committee.

# Share performance



# Market capitalisation progression (£m)



# Blue chip client partnerships

HS2

VATTENFALL 



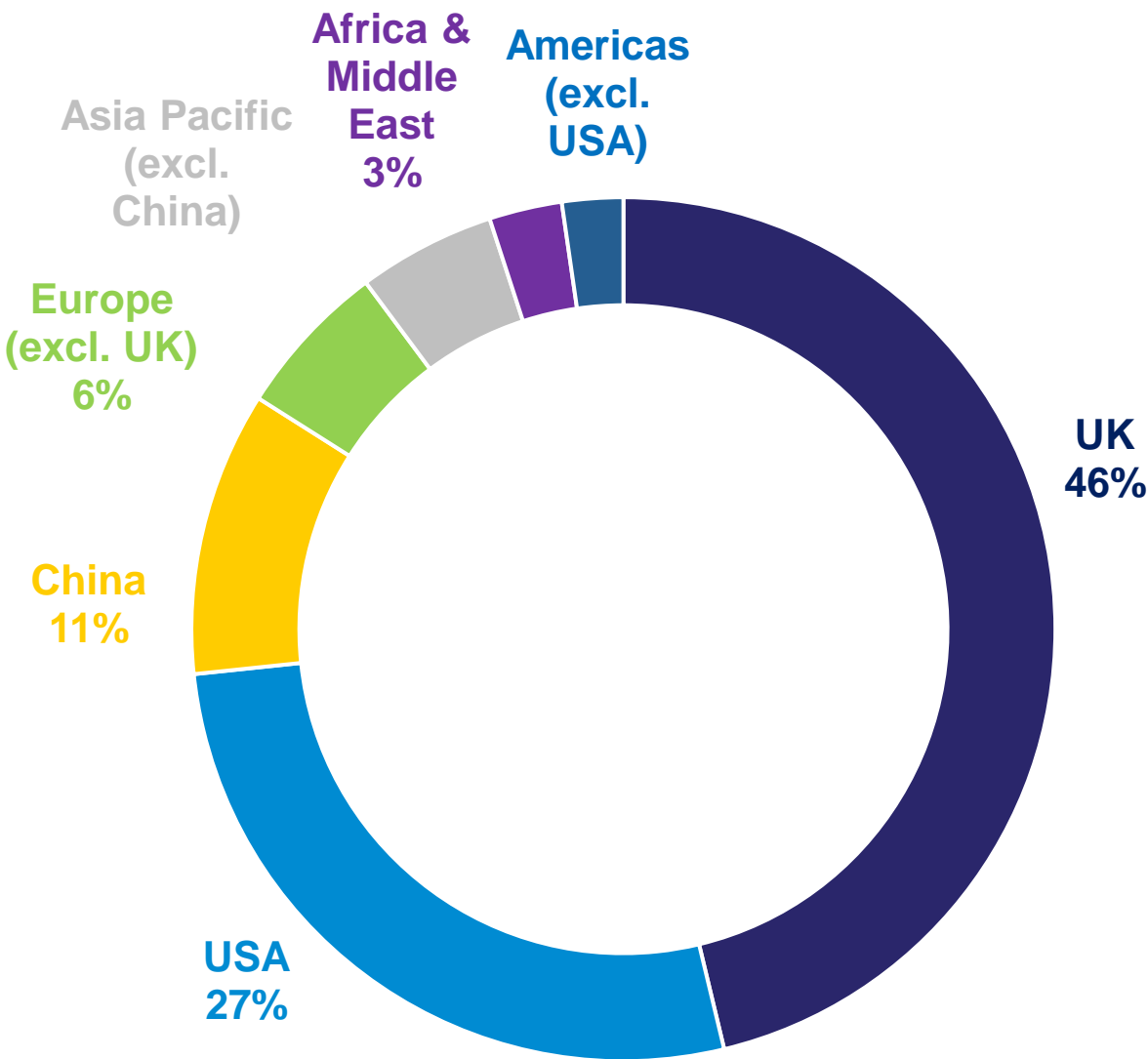
EUREKA



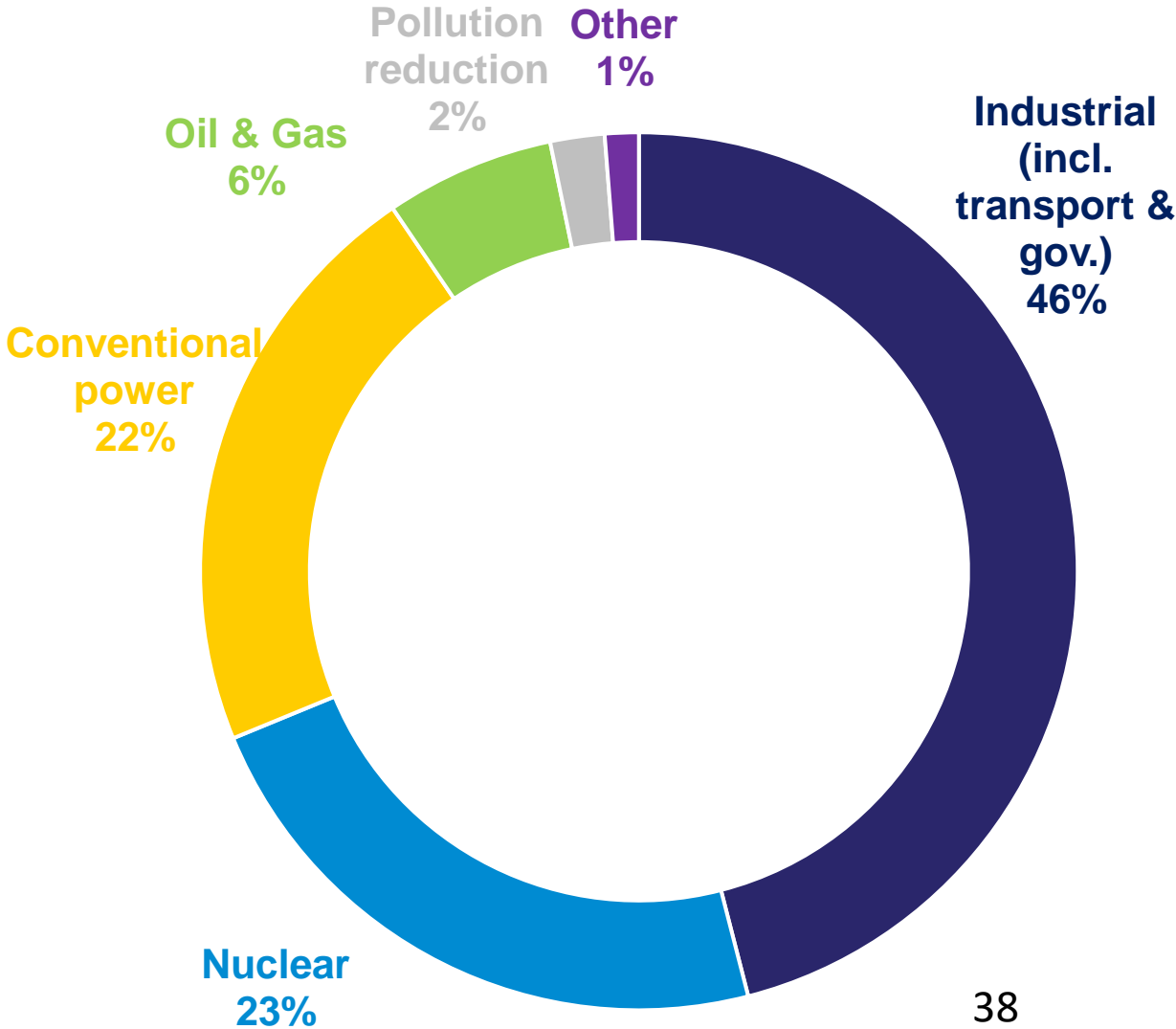
# Diversified end markets (AES)



Revenue split by country (FY24 1H)



Revenue split by industry (FY24 1H)



# M&A – successful exits

Brand	Acquisitions	Bought for £m <sup>1</sup>	Sold for £m <sup>1</sup>
	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)

<sup>1</sup> – Enterprise Value

## Ordinary shares of 5p each

	Number of shares (000s)	% of total shares
Harwood Capital	4,034	12.3%
Funds managed by Business Growth Fund	2,363	7.2%
Funds managed by Unicorn Asset Management Ltd	1,946	5.9%
Funds managed by JTC Employer Solutions Trustee Ltd	1,703	5.2%
R S McDowell's Pension Fund	1,406	4.3%
Funds managed by Downing LLP	1,179	3.5%
Funds managed by Close Brothers Management	1,133	3.4%

Shows the position at 27 February 2023