



Avingtrans

PINPOINT / INVEST / EXIT

Results for the year ended 31 May 2024

Steve McQuillan, CEO

Stephen King, CFO

Group Revenue

£136.6m

FY23: £116.4m

Gross Profit Margin

32.2%

FY23: 32.9%

Adjusted EBITDA

£14.0m

FY23: £13.7m

Adjusted Diluted EPS

18.5p

FY23: 23.4p

Final Dividend*

4.7p

FY23: 4.5p

Net Debt**

£6.1m

31 May 23: Net cash
£13.0m

Final Dividend* - Currently proposed
Net Debt** - impact of IFRS 16 removed

Our divisions and brands

In June 2023, the Group consolidated its Engineered Pumps and Motors (EPM) and its Process Solutions and Rotating Equipment (PSRE) divisions into a single division, Advanced Engineering Systems (AES).

Advanced Engineering Systems (AES)



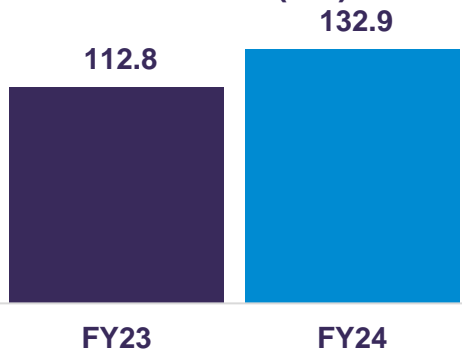
Metalcraft (Stainless Metalcraft (Chatteris) Ltd) - Acquired 2004
COMPOSITE PRODUCTS LIMITED - Acquired 2012
HAYWARD TYLER - Acquired 2017
Ormandy Rycroft Engineering - Acquired 2018
energy)steel - Acquired 2019
Boothindustries - Acquired 2019
Slack&Parr - Acquired 2023

Medical and Industrial Imaging (MII)

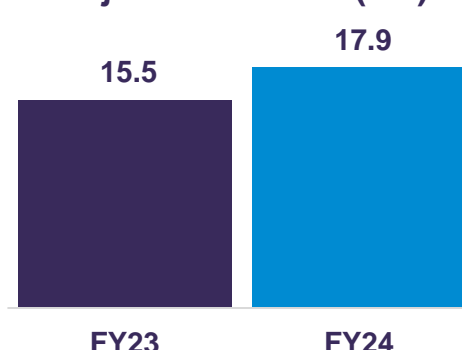


SCIENTIFIC MAGNETICS - Acquired 2017
tecmag - Acquired 2018
MAGNETICA - Acquired 2021
Adaptix - Acquired 2023

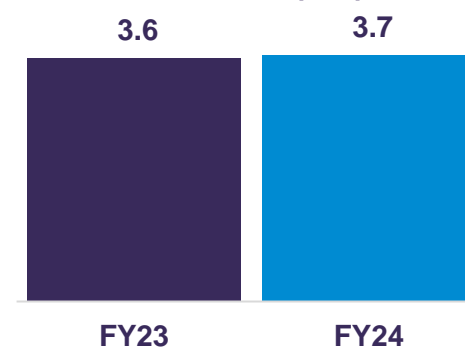
Revenue (£m)



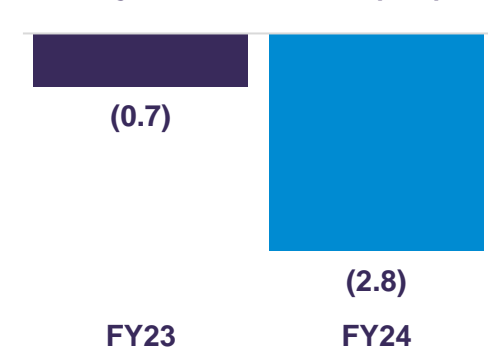
Adjusted EBITDA (£m)



Revenue (£m)



Adjusted EBITDA (£m)



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 S&P assets for £4.1m in August 2023
- Specialist gear metering 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 reduced total overhead costs
- Supply chain now stabilised after administration process
- A creditable first year outcome with a small EBIT profit

A Gear Metering Pump



Developing world class products

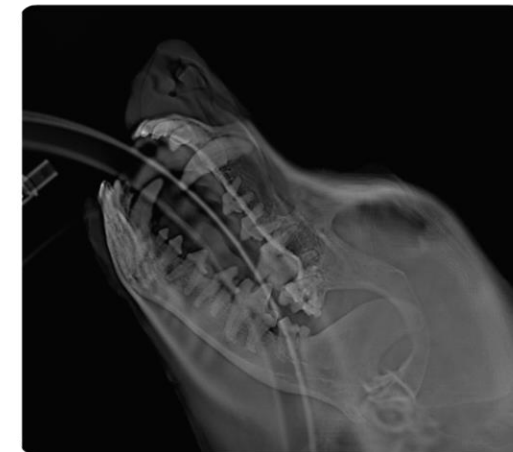


- Adaptix remaining shares acquired for £7.2m, incl. debt
- Adaptix – makes compact 3D X-ray systems
- Magnetica – makes compact helium-free MRI systems
- Initial markets are orthopaedic, veterinary and NDE*
- Product image quality commended by prospective customers
- Televere Systems appointed as first US distributor for both businesses
- Adaptix: new Scottish facility to manufacture key system components
- Magnetica: scaling up production in new premises in Australia and USA

* NDE = Non-Destructive-Evaluation



Coronal wrist MRI scan



Vet dental 3D Xray scan

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
 - The Board is confident about the current strategic direction and potential future Exit opportunities



Advanced Engineering Systems (AES) division

- created by combining the former EPM and PSRE divisions

Hayward Tyler, Slack & 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 – oil and gas orders still solid
 - Chinese Market continues to expand
 - Focus on aftermarket. Targeting 3rd party products
- Defence – further £2.5m contracts won with Rolls Royce at HT Luton
- Fibres – S&P supply pumps for making specialist fibres – eg Spandex

• Facilities

- Optimising use of HT sites
- Sale process for Luton site paused for now

- **Acquisition:** assets of Slack & Parr acquired for £4.1m, small profit in first year



TerraPower technician with HT molten salt pump

Metalcraft, Ormandy, Booth, Composite Products

- **Markets**

- Nuclear decommissioning (Metalcraft)
 - 3M3 box contact ongoing. £14.5m of new orders won
- Defence (Booth) – on-going work on UK Government contracts
- Infrastructure (Booth) – £36m HS2 contract proceeding to plan
- HVAC¹ (Ormandy) – record order book with increased aftermarket sales
 - Recorded best results since acquisition. HEVAC/HES fully integrated
- Composites – focus on industrial customers, like Rapiscan

- **Facilities** – Refurb completed at Metalcraft for NRS² (formerly Magnox) contract

- **Products** – range expansion at Booth and Ormandy. Nuclear focus at Metalcraft
 - no “destocking” issues for AES businesses – products are make to order

Ormandy
AquaModule



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

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
- Total addressable imaging market estimate is now **\$7bn**
- Working through delays caused by FDA requirements and distribution
- 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 scaling-up production in new premises
- Adaptix: new factory in Scotland facilitates volume production

• Products

- MRI system: now anticipating 510(k) FDA approval in H1 2025.
- Adaptix marketing orthopaedic and vet products, building volume
- Adaptix also has initial sales for non-destructive evaluation (NDE) product



MRI scanner



3D X-ray scanner

Financial Highlights

Financial performance



£m	FY24	FY23
Revenue	136.6	116.4
<i>Revenue LFL*</i>	126.3	116.4
Gross Profit	44.0	38.3
<i>Gross Profit LFL*</i>	41.1	38.3
Gross Profit %	32.2%	32.9%
<i>Gross Profit % LFL</i>	32.5%	32.9%
Adjusted EBITDA	14.0	13.7
<i>Adjusted EBITDA LFL*</i>	16.5	13.7
Adjusted EBITDA %	10.3%	11.8%
<i>Adjusted EBITDA % LFL*</i>	12.9%	11.8%
Adjusted Profit before tax	7.3	9.0
<i>Adjusted Profit before tax LFL*</i>	12.0	9.0
Adjusted Diluted EPS (pence)	18.5	23.4

LFL - Excludes the acquisitions made during the financial year (Adaptix and S&P)*

Divisional Results



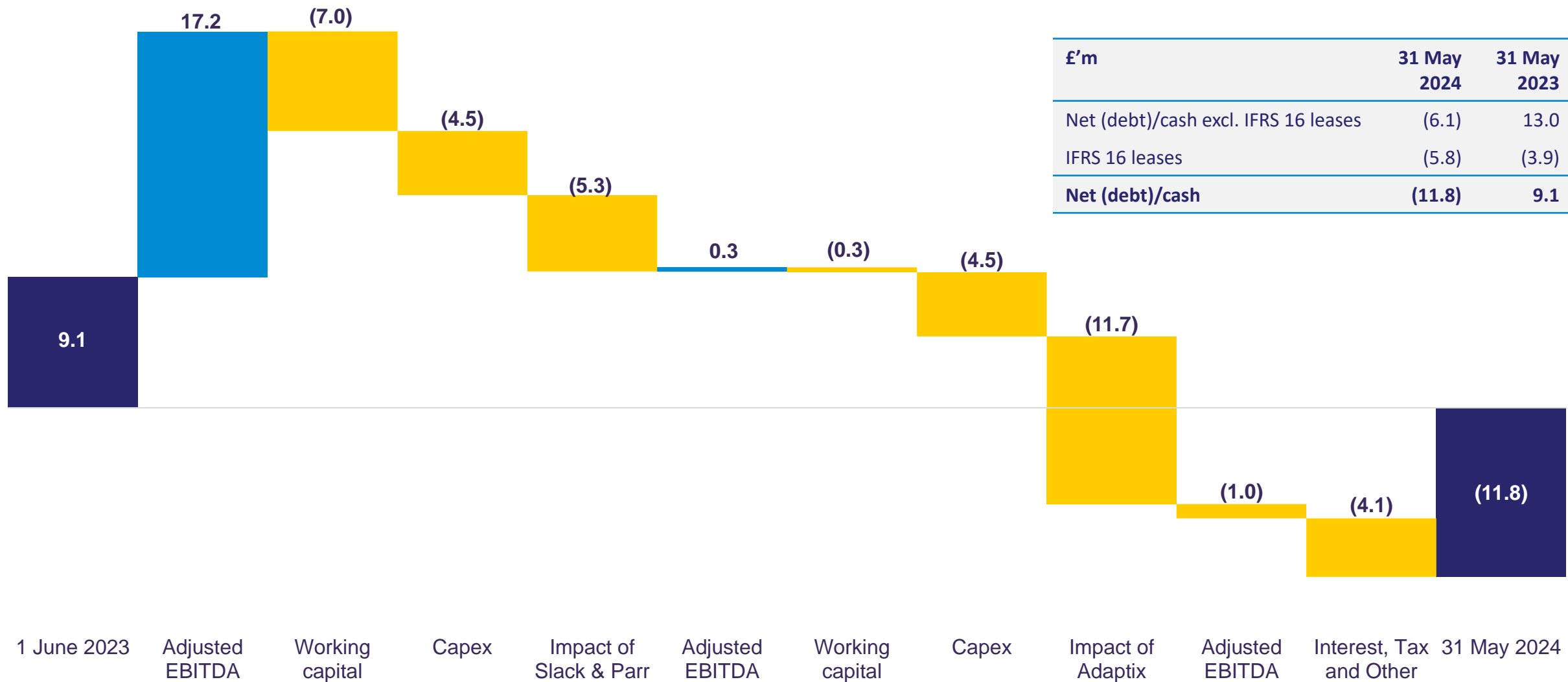
	AES £'m	MII £'m	Central £'m	FY24 £'m	AES £'m	MII £'m	Central £'m	FY23 £'m
Revenue:								
Original equipment	81.0	3.3	-	84.4	66.8	3.6	-	70.4
Aftermarket	51.9	0.4	-	52.2	46.0	(0.0)	-	46.0
Total Revenue	132.9	3.7	-	136.6	112.8	3.6	-	116.4
Operating profit/(loss)	11.0	(4.0)	(1.3)	5.6	10.1	(1.0)	(1.2)	8.0
Adjustments:								
Exceptional expenses	1.4	0.0	0.3	1.7	0.3	0.0	0.1	0.5
Amortisation of acquired intangibles	0.8	-	-	0.8	1.0	-	-	1.0
Adjusted EBIT	13.1	(4.0)	(1.0)	8.2	11.5	(1.0)	(1.0)	9.5
Depreciation and amortisation	4.7	1.1	-	5.9	4.0	0.3	-	4.3
Adjusted EBITDA	17.9	(2.8)	(1.0)	14.0	15.5	(0.7)	(1.0)	13.7
<i>Adjusted EBITDA %</i>	<i>13.4%</i>	<i>(77.2)%</i>	<i>-</i>	<i>10.3%</i>	<i>13.7%</i>	<i>(19.5)%</i>	<i>-</i>	<i>11.8%</i>

Balance Sheet

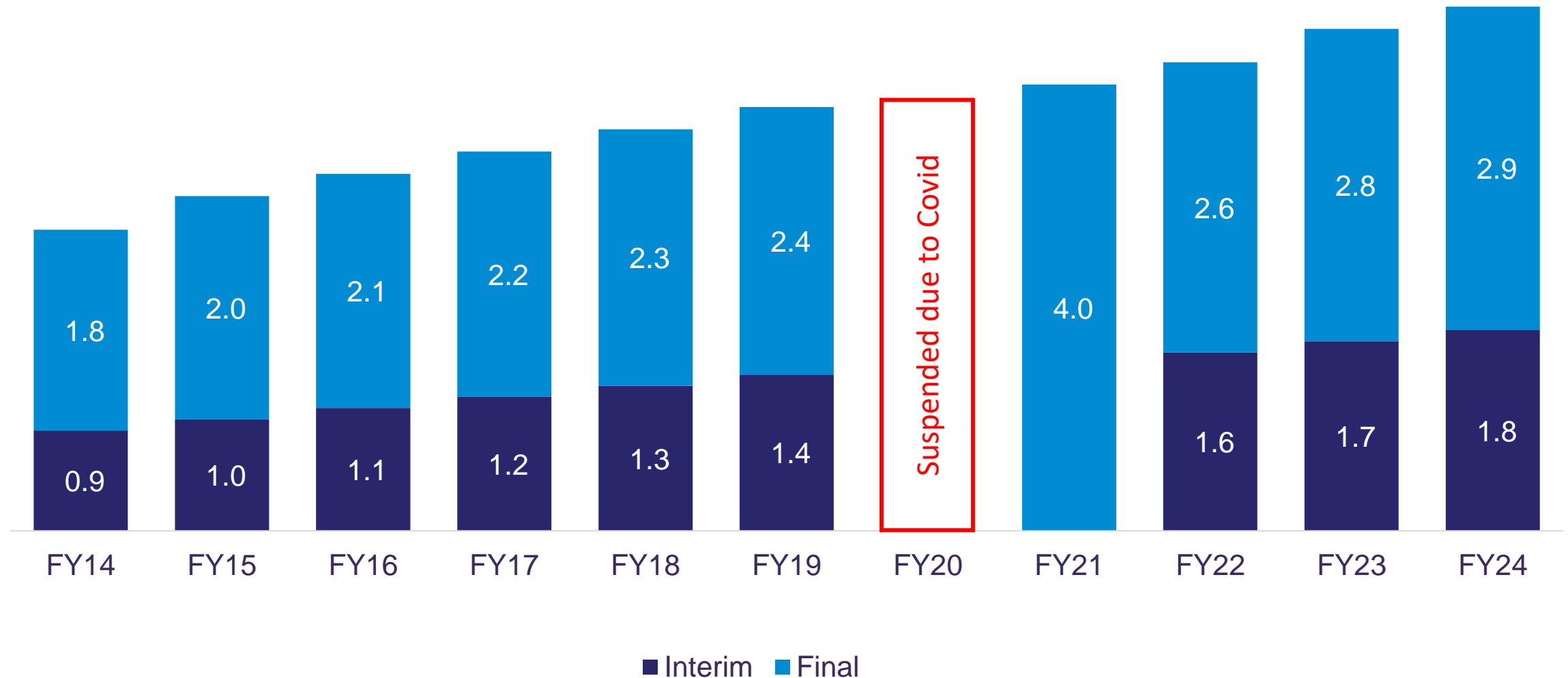
	FY24	FY23
	£'m	£'m
Tangible fixed assets	29.6	23.6
Goodwill	27.9	21.6
Investments	-	8.0
Other intangibles	33.6	18.8
Deferred tax asset & pension surplus	3.8	1.2
Working capital	38.9	31.7
Provisions	(1.8)	(1.3)
Tax liability	0.1	(0.7)
Net (debt)/cash	(11.8)	9.1
Creditors > 1 year	(0.3)	(0.4)
Deferred tax liability	(7.0)	(3.2)
Net assets	113.0	108.5
<i>Net cash to equity</i>	<i>(10.5)%</i>	<i>12.6%</i>

Movement in net cash/(debt) (£'m)

Advanced Engineering Systems Medical & Industrial Imaging Central



Dividend growth (pence per share)

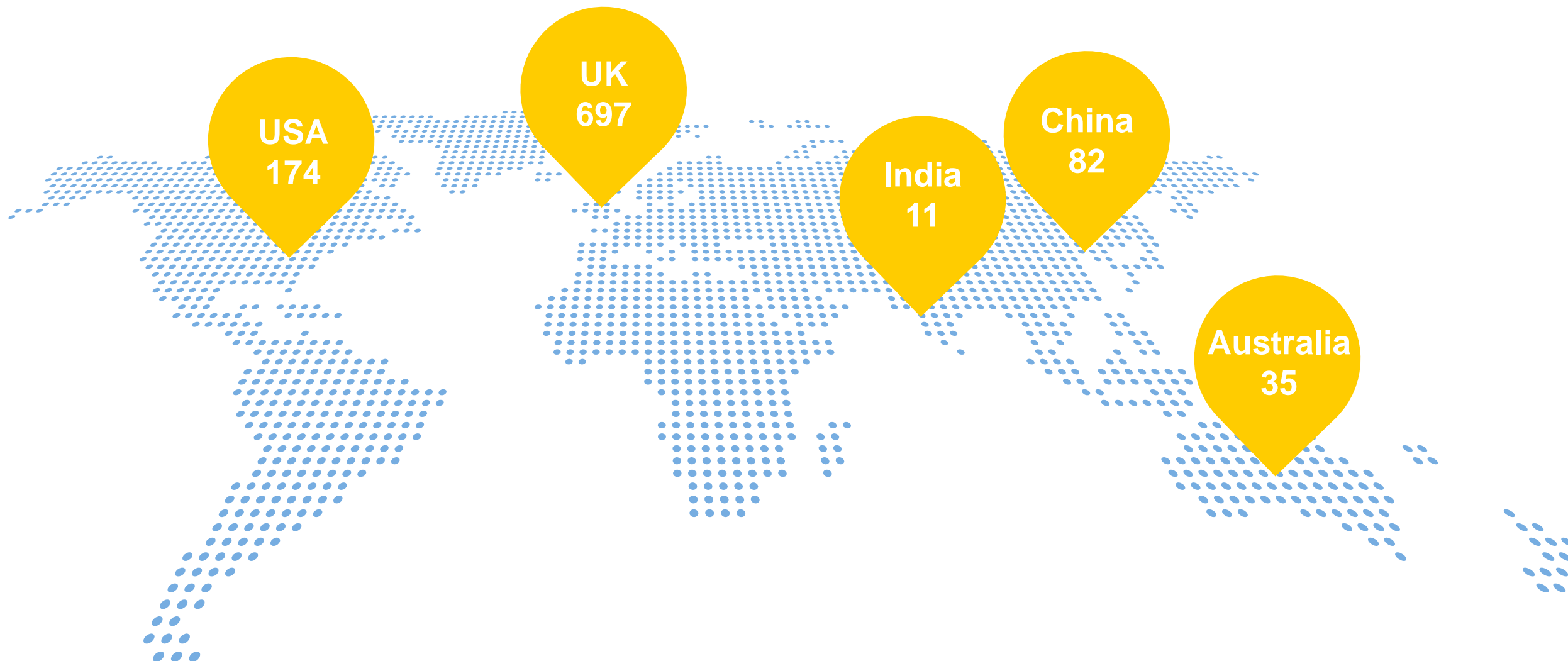


Summary

- ✓ **Delivered 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. Total addressable market **\$7bn** (est.)
- ✓ **Strong balance sheet – net debt of just **£6.1m** (excl. IFRS 16) – better than 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 consideration of **£7.2m**, including debt
- ✓ **Total dividend for FY24 progresses to **4.7 pence****
- ✓ **Outlook: the Board remains mindful of challenges, but is confident about its strategy and prospects**

Appendix

Our locations and employees (24 September 2024)



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








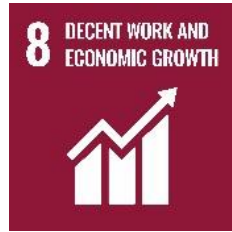



Agility

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"> • During the year the Group • 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) and pollution reduction • Going helium-free in our new compact MRI units • Development of storage vessels for intermediate level waste from <div data-bbox="104 1039 805 1268">    </div>	<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 • Imbedding carbon tracking processes across all sites globally <div data-bbox="907 1039 1607 1268">    </div>	<ul style="list-style-type: none"> • Supporting sites to achieve the ISO 45001 Health and Safety accreditation • Board level oversight including site inspections <div data-bbox="1727 1039 2428 1268">    </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 produce 1,000 intermediate nuclear waste containment vessels.

**Feb
2022**
Training school

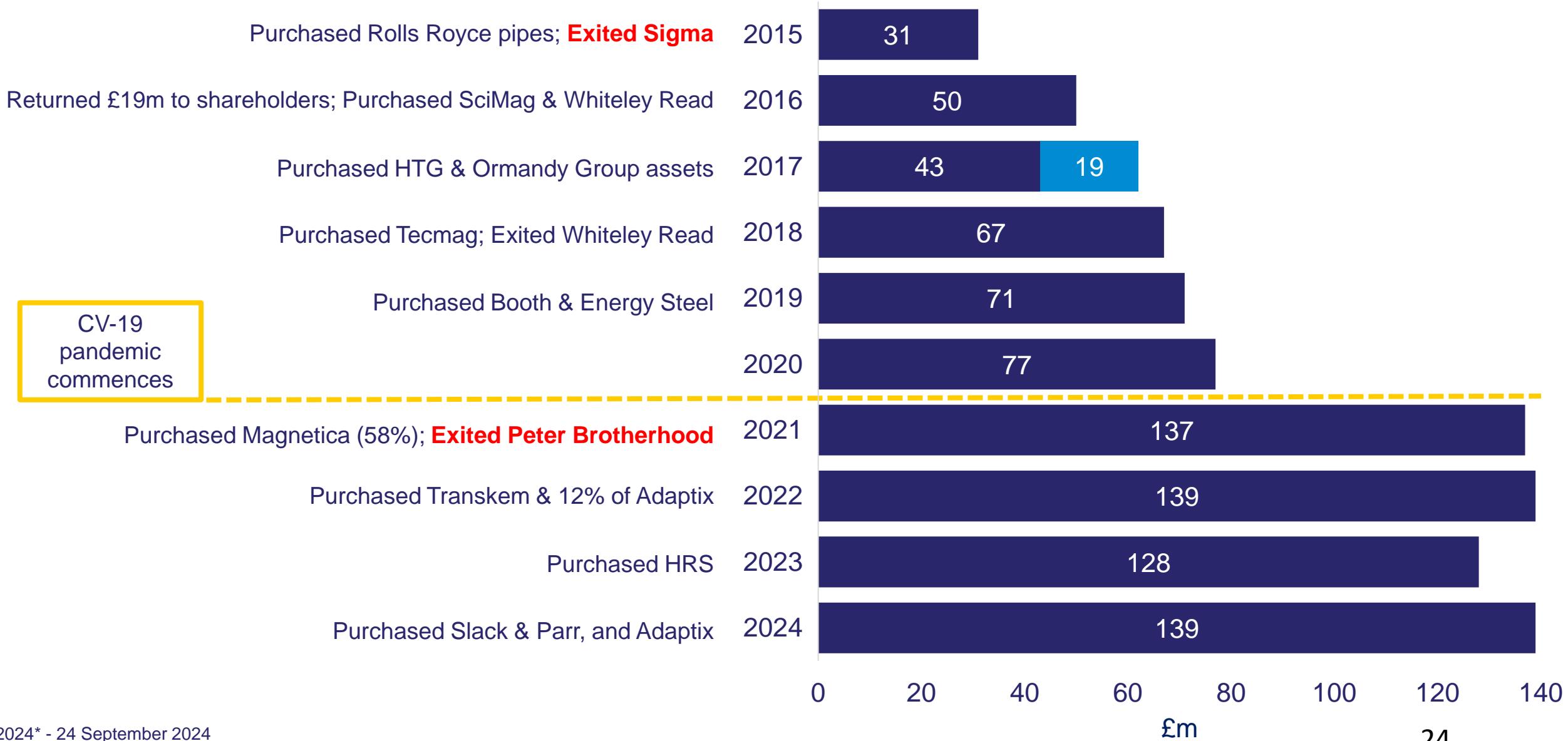
Construction of the training school at Metalcraft is completed and partnership agreed to West Suffolk College to operate the site

**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.

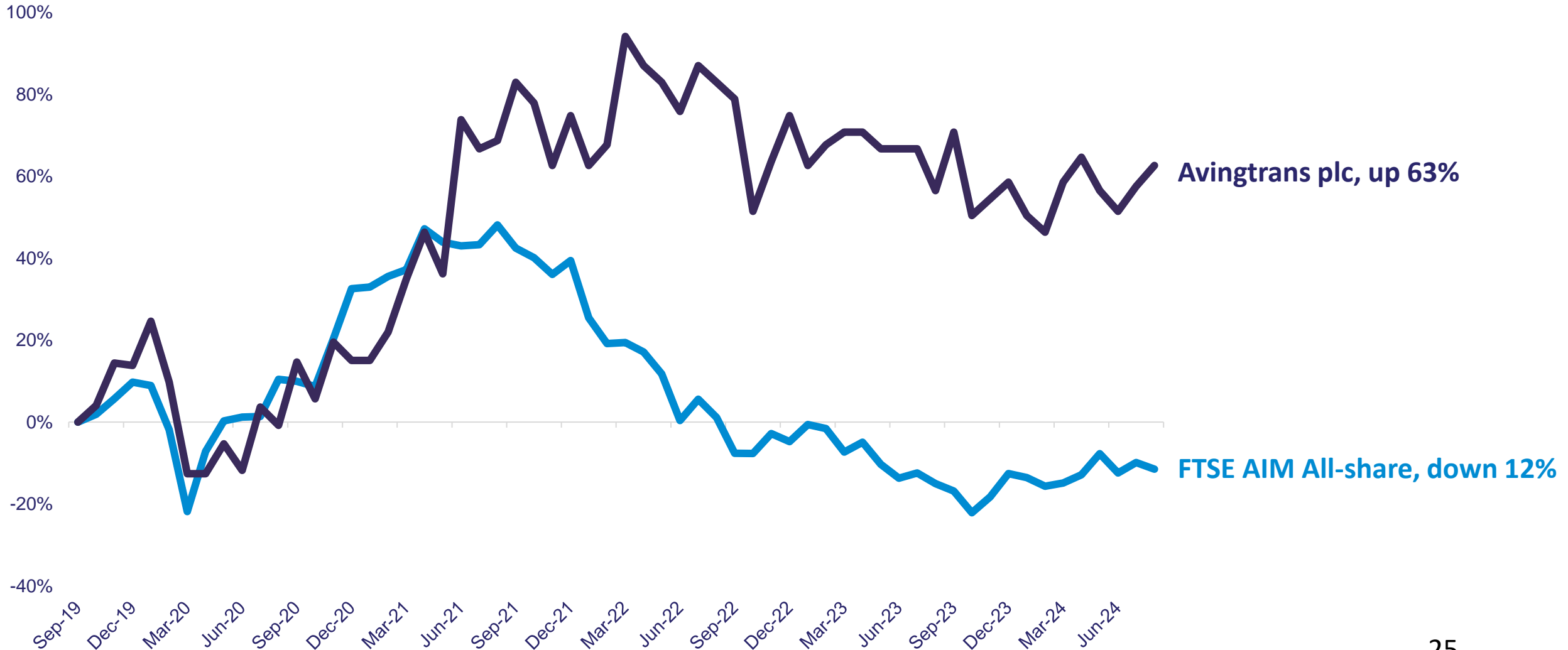
Market capitalisation progression (£m)



Share price performance



**Our share price has beaten the market over the last 5 years
(growth %)**



Blue chip partnerships

HS2

VATTENFALL 

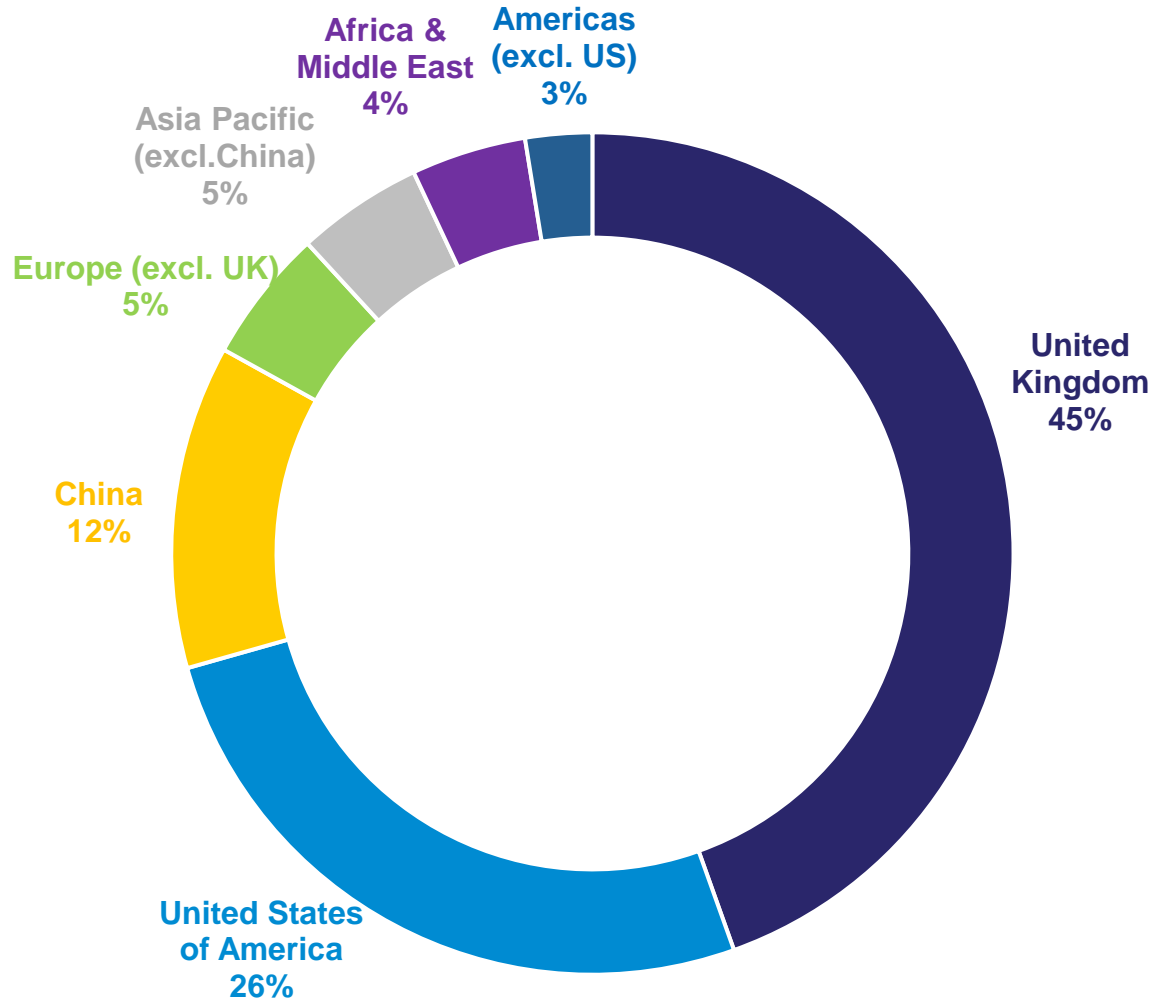


EUREKA

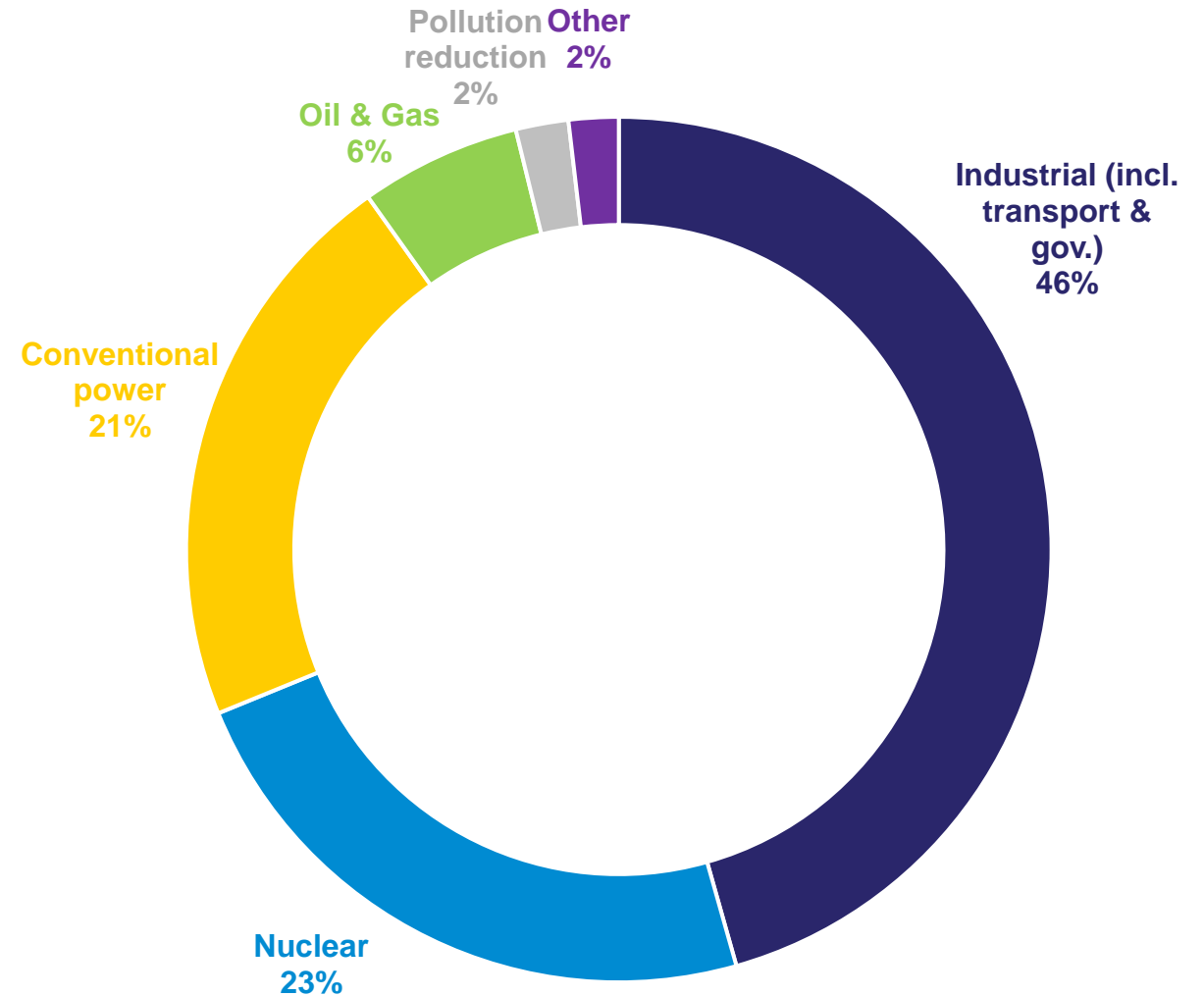


Diversified end markets

Revenue split by region (FY24)



Revenue split by industry (FY24)



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	4,036	12.2%
Funds managed by Business Growth Fund	2,363	7.1%
Funds managed by Unicorn Asset Management Ltd	1,946	5.9%
Funds managed by JTC Employer Solutions Trustee Ltd	1,703	5.2%
Funds managed by Downing LLP	1,420	4.3%
R S McDowell's Pension Fund	1,406	4.2%
Funds managed by Close Brothers Management	1,308	3.5%

Shows the position at 24 September 2024