

Preliminary Results Presentation

Year Ended 27 September 2014

Presented by John Hayward, CEO, and James Lister, FD



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Highlights

Another year of growth

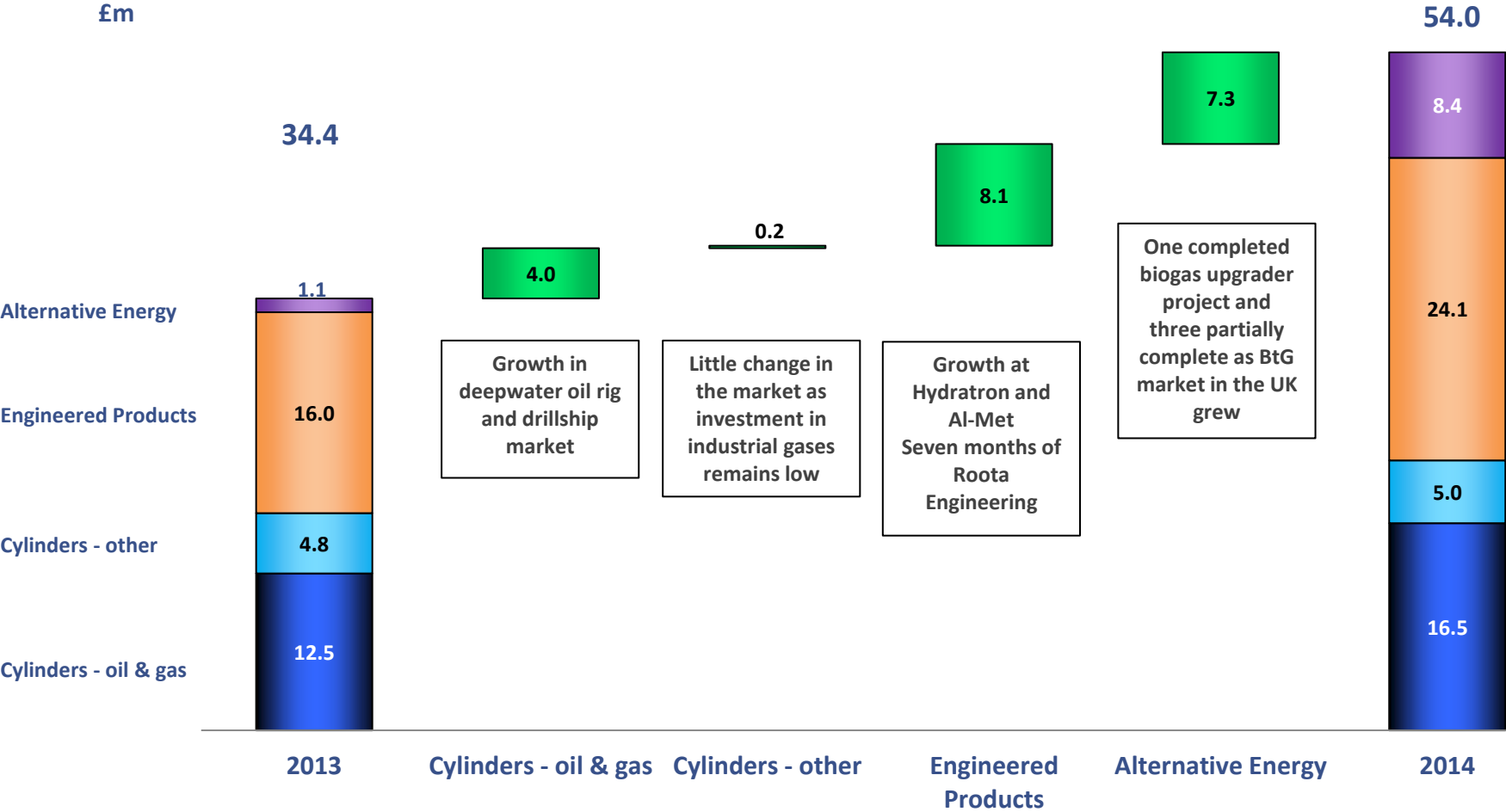
Revenue	£54.0 million	+57%
Underlying operating profit	£7.8 million	+138%
Operating profit	£5.6 million	+93%
Net funds	£5.8 million	+£1.8 million
EPS (basic)	28.5p	+9.1p
EPS (adjusted)	44.9p	+22.3p
Dividend	8.4p	+8%

Record revenue and profits with all divisions growing in the year

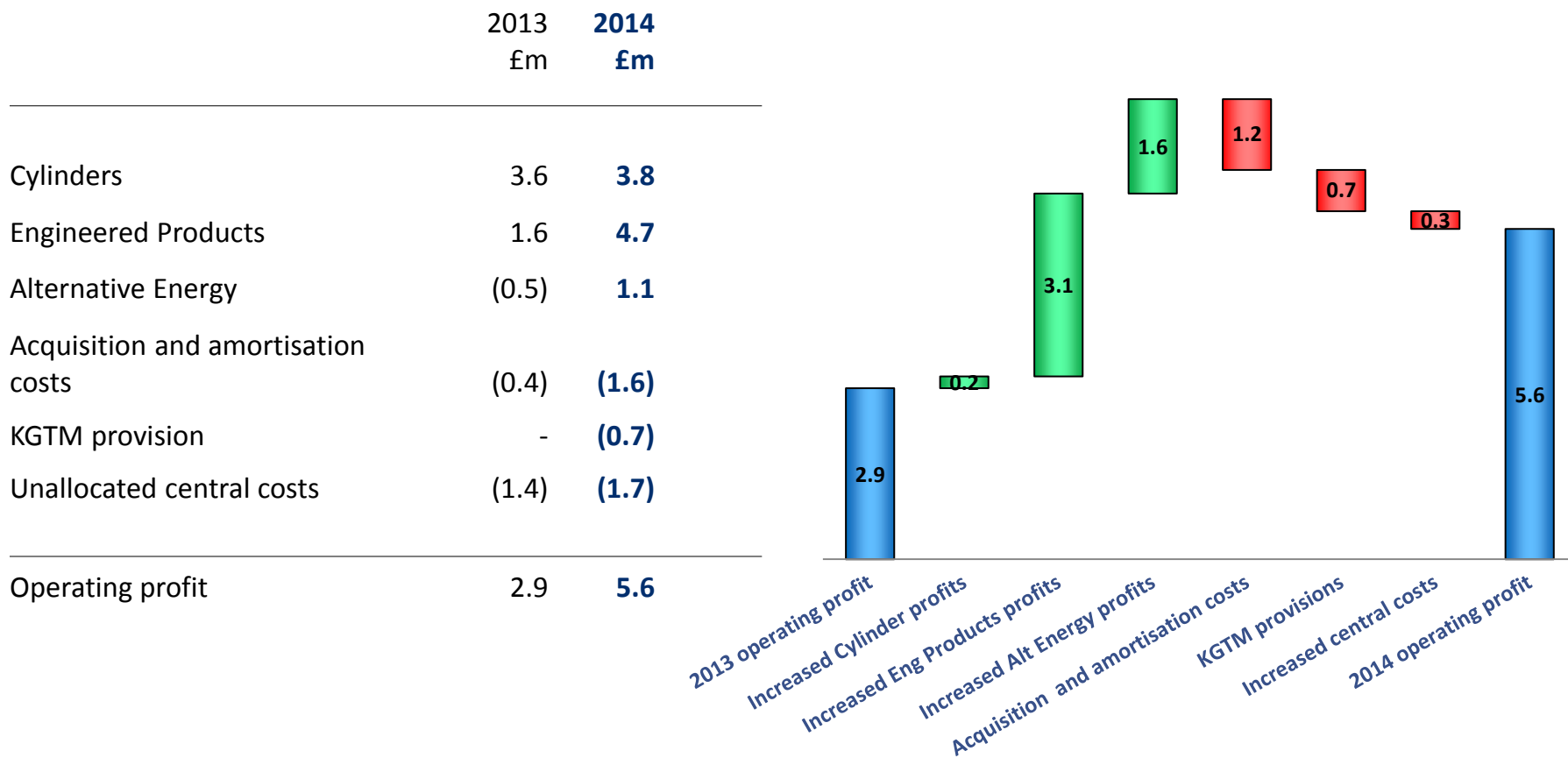
Diversification of the Group accelerated to improve resilience against the cyclical nature of the oil and gas industry

Recent acquisitions bedding down well with strong management teams and strong market positions

Revenue increased by 57%



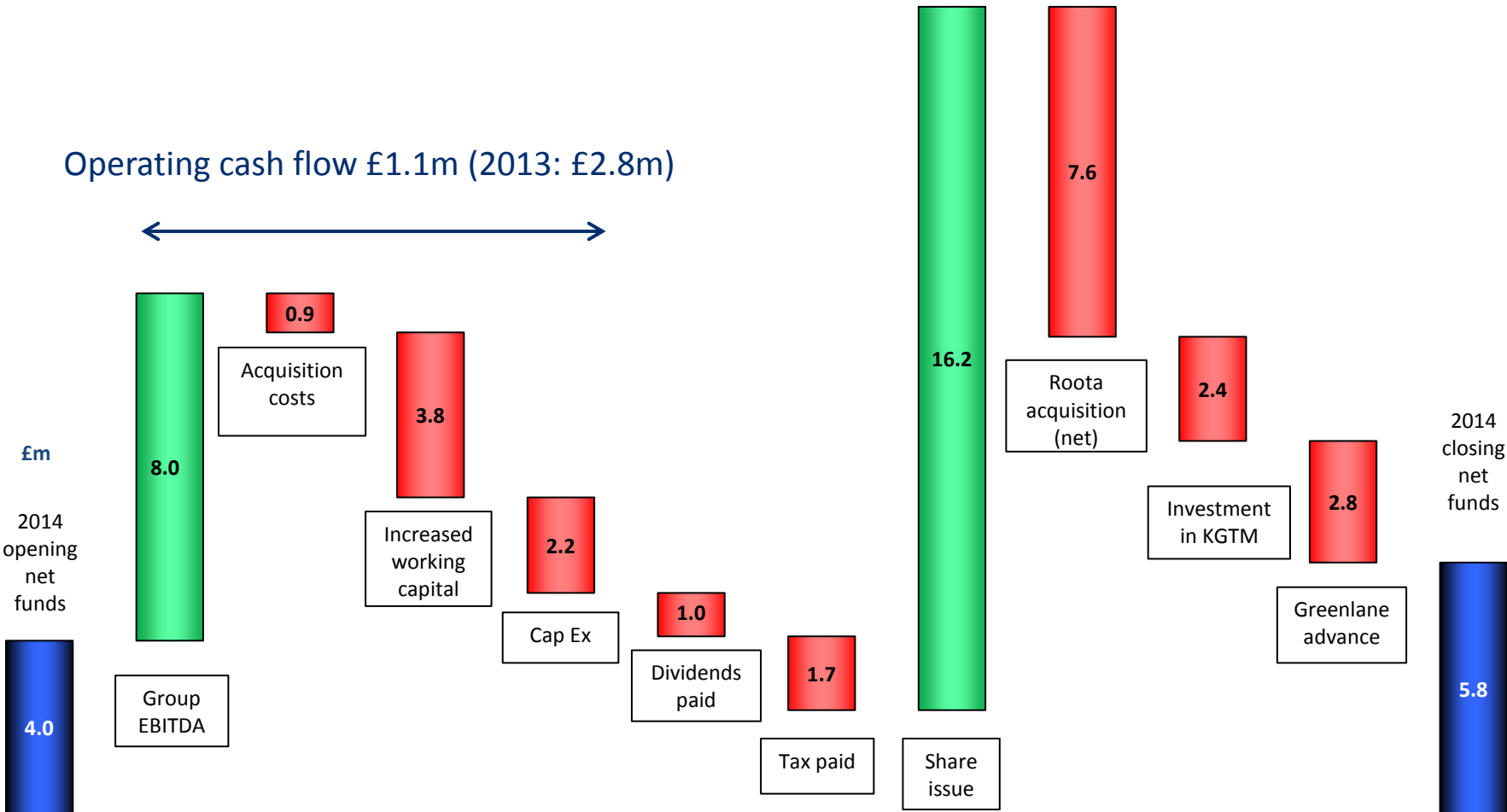
Operating profit increased by 93%



Strong balance sheet

	28 Sep 2013 £m	27 Sep 2014 £m
Intangible assets	3.2	14.1
Fixed assets	4.8	7.9
<i>Inventories</i>	7.2	8.8
<i>Receivables</i>	8.9	22.1
<i>Payables</i>	(9.8)	(19.3)
Working capital	6.3	11.6
Tax provisions	(0.8)	(2.9)
Net funds	4.0	5.8
Net assets	17.5	36.5

Increased net funds

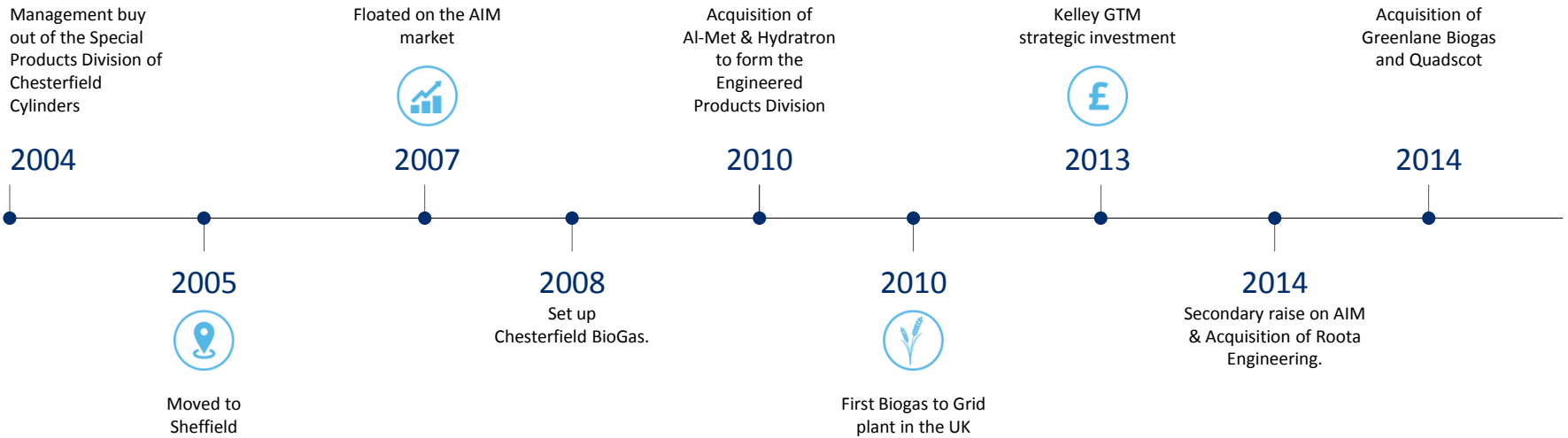


Summary results

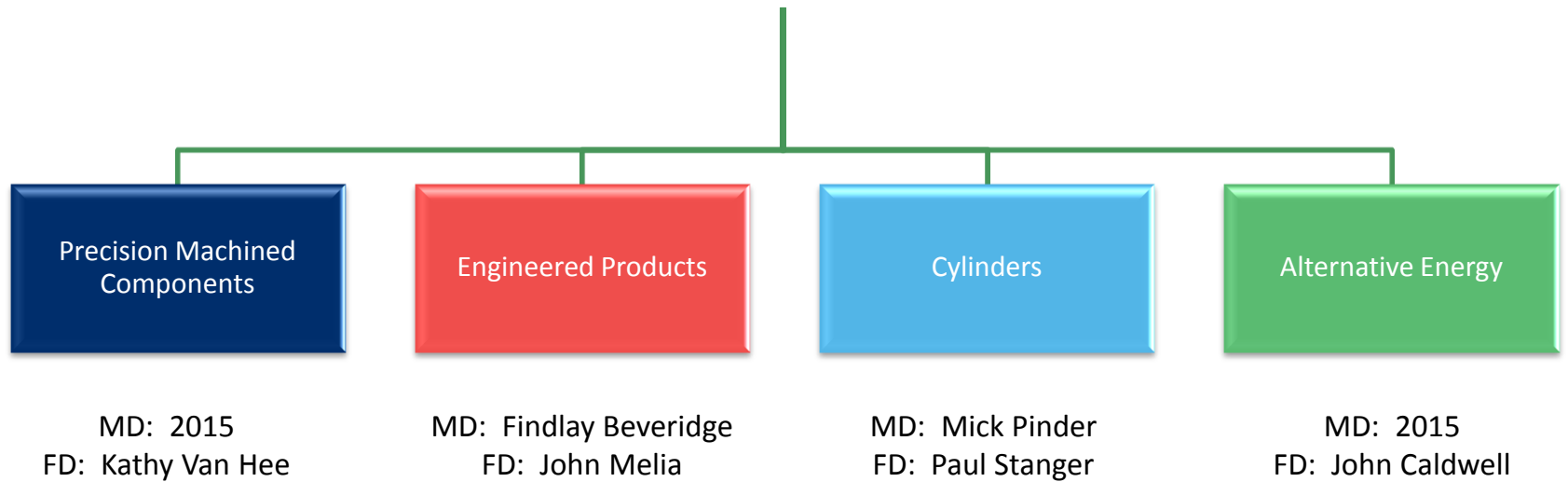
	28 Sep 2013	27 Sep 2014	
Revenue (£m)	34.4	54.0	+57%
Underlying operating profit (£m)	3.3	7.8	+138%
Operating profit (£m)	2.9	5.6	+93%
PBT (£m)	2.9	5.3	+86%
EPS basic (pence)	19.4p	28.5p	+47%
EPS adjusted (pence)	22.6p	44.9p	+99%
Dividend (pence)	7.8p	8.4p	+8%
Operating cash flow (£m)	2.8	1.1	
Net funds (£m)	4.0	5.8	

Timeline

10 years of progress



New divisional structure for 2015



Precision Machined Components

AI-Met

Record order intake in October 2014

Night shift established to meet customer demand

Capital expenditure plan approved to improve efficiency and productivity



Roota

Acquired March 2014

Expansion of night shift operation underway to satisfy customer orders

Capital expenditure plan approved to meet customer volumes, increased capability and productivity



Quadscot

Acquired October 2014

Additional factory unit acquired at time of acquisition

Capital expenditure plan underway to expand product and customer portfolio



Divisional level

FD appointed, MD to be appointed during the year

Common ERP systems under evaluation to streamline back office functions

Ongoing assessment of acquisition opportunities

Engineered Products

Hydratron

Sales team expanded to increase market presence in Aberdeen and overseas

Additional business unit to be rented to make space for manufacturing of large test systems

Top end of the market showing signs of tightening as oil and gas customers cut back on capital spend

Ongoing pipeline of new product development



Hydratron Inc

Small market presence in a very large market - considerable opportunity for growth

Vice President Sales appointed to strengthen sales team

Network of distributors being developed for regions outside Houston/Louisiana

Increased marketing to widen customer portfolio with oil services companies

Divisional level

Long established MD and FD of Hydratron Ltd running the division

Ongoing assessment of acquisition opportunities

Cylinders

Chesterfield Special Cylinders

Solid order load entering new financial year but significant weakening of oil and gas market orders expected to impact H2 results

Major marketing exercise for Integrity Management service carried out in Q1

Prototype trials underway for the UK Trident submarine replacement programme

New forge forecast to enter production January 2015 to improve capability and productivity in ultra large cylinder forging

Sales and marketing subsidiary, CSC Deutschland, leading development of market for very high pressure Hydrogen trailers



Kelley GTM

Early stage start-up

Market has slowed due to customer capital investment delays

Driver is legislation for flare gas capture ahead of a total ban on flaring, expected in 2016 and market potential remains considerable

Divisional level

Long established Chesterfield Special Cylinders MD and FD running the division

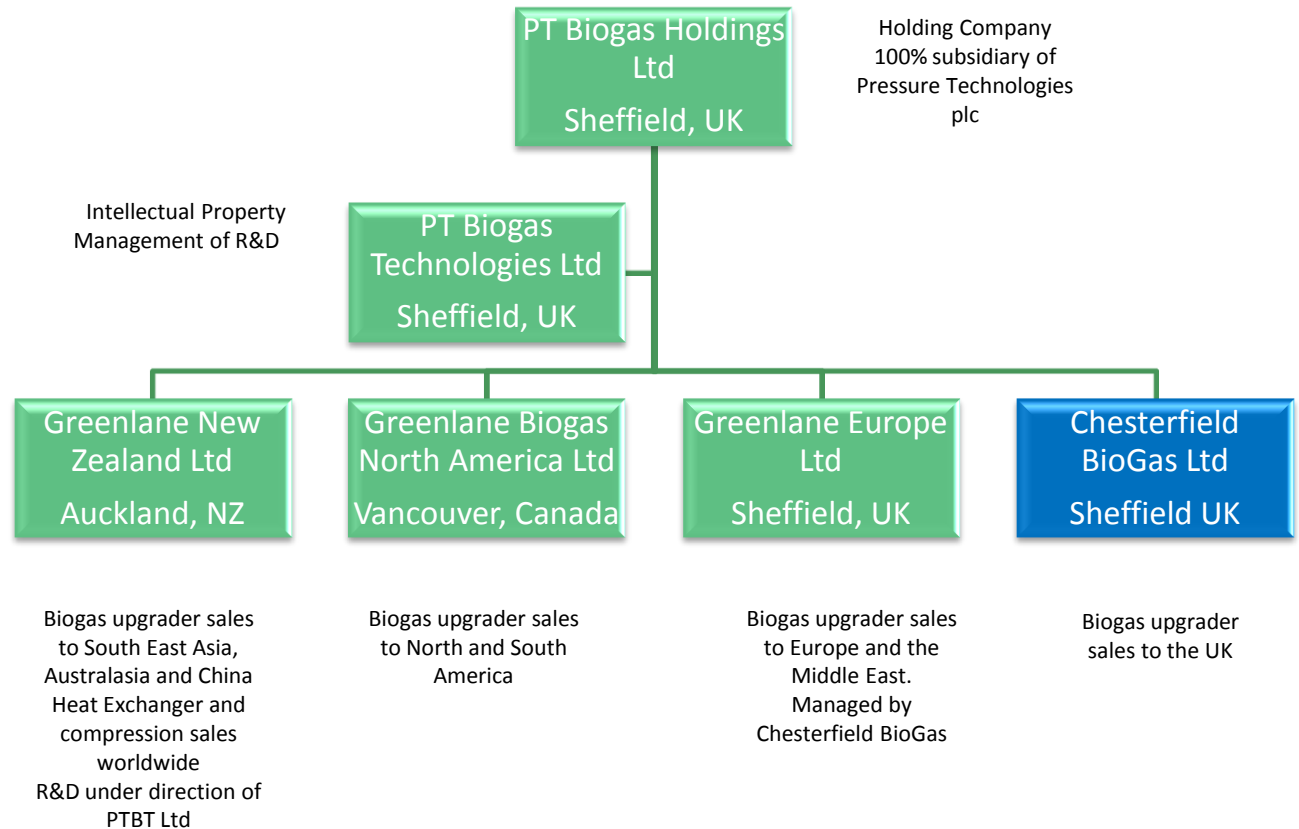
Alternative Energy: Organisation

Key senior management from Greenlane retained

FD appointed, MD to be appointed during the year

Operational Board of FD, and subsidiary MDs established, reporting to the Group CEO

Financial stability of PRES combined with Greenlane expertise gives firm foundation for growth



Alternative Energy: Markets

New Zealand

Sales and marketing plan underway for biogas upgrading sales into Australasia and South East Asia

JV negotiations underway with a Chinese corporate for access to specific markets in China

Expanded Heat Exchanger sales team to underpin cash flow



North America

Three new upgrader orders won since PRES acquired the business in October

Letter of intent for a further three upgraders

Extensive high quality pipeline

Europe (including UK)

One new order in France with active pipeline in France, Germany and Scandinavia

UK market remains very active

Chesterfield BioGas to rebrand to Greenlane

Divisional level

Common engineering and design standards underway

IP structure under construction to maximise potential of patent box

Outlook

Underlying order book at start of the new financial year 14% higher than equivalent position last year

Oil price reduction affects large capital expenditure projects in the oil and gas sector and creates short-term uncertainty

Medium-term outlook for the oil and gas sector remains strong

Diversification improving the Group's resilience against the cyclicity of the oil and gas industry

Recent acquisitions bedding down well with strong management teams and strong market positions

Group moves into the new financial year in strongest ever position since IPO in 2007

The Board is cautiously optimistic for growth in 2015

Appendices

Divisional performance 2014



Revenue	Operating profit
£24.1m	£4.7m
(2013: £16.0m)	(2013: £1.6m)



Revenue	Operating profit
£21.5m	£3.8m
(2013: £17.3m)	(2013: £3.6m)



Revenue	Operating profit
£8.4m	£1.1m
(2013: £1.1m)	(2013: £(0.5)m)

A better balanced group

Designing products and services to satisfy specific customer needs in:



Sales	% of Group Revenue
£39.6m	73%
(2013: £27.6m)	(2013: 80%)



Sales	% of Group Revenue
£3.5m	7%
(2013: £3.8m)	(2013: 11%)



Sales	% of Group Revenue
£2.3m	4%
(2013: £1.8m)	(2013: 5%)



Sales	% of Group Revenue
£8.6m	16%
(2013: £1.1m)	(2013: 4%)

Engineered Products 2014

Became the largest division of the Group during the year as a result of record order intake in H1

H2 order intake more subdued but the underlying order book at year end was at the same level as the prior year.

Hydratron and Al-Met, purchased in 2010, achieved payback on initial investment during the year

Roota engineering added in March 2014

Acquisition better balances the division with more consumables

Acquisition of Quadscot at year-end improves the balance further

Revenue
£24.1m

+51%

Operating profit
£4.7m

+194%



Cylinders 2014

Strong demand for deep water oil & gas platforms drove revenue and profit
Price reductions conceded for 2014 to maintain market share
Continued growth of Integrity Management service

Naval market down slightly due to phasing of submarine build programmes
Now principal supplier Germany, UK, France, Spain and South Korea
Target market USA
Expansion of in-situ re-test and oxygen clean markets

Alternative fuels drive medium term outlook
Two state-of-the-art composite cylinder trailers delivered into the compressed natural gas market

40% investment in KGTM in the USA to gain access to the onshore gas transportation market for drilling rig refuelling and flare gas capture

Revenue
£21.5m
+24%

Operating profit
£3.8m
+6%

 **CHESTERFIELD**
SPECIAL CYLINDERS

 **KGTM**
KELLEY Gas Transport Modules

Alternative Energy 2014

Biogas to Grid (“BtG”) market opened up following the agreement of permitted levels of O₂ by the HSE in 2013

Chesterfield BioGas made the expected breakthrough with 4 projects completed or partially completed in the year

Year end order book 30% higher than the comparable figure for last year

Division became global with the acquisition of Greenlane Biogas

Revenue

£8.4m

+£7.3m

Operating profit

£1.1m

+£1.6m



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