

Pressure Technologies plc



Pressure Technologies plc
AGM Presentation
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- Group Structure and Major Markets
- Summary and Outlook
- Questions and Answers

Pressure Technologies plc

Group Structure
and
Major Markets

Pressure Technologies plc

A leading designer and manufacturer of high pressure engineering systems, serving the global energy, defence and industrial gases markets and the UK alternative energy market

Pressure Technologies plc

Business Overview

Cylinders



Engineered
Products



Alternative
Energy



Oil & Gas

Chesterfield Special
Cylinders
Hydratron UK and US
Al-Met

APV systems for
deepwater platforms
Diving support systems
Retest/refurbishment
In-situ testing
Pumps
Hydraulic control
systems
Valve test benches
High integrity wear parts



Defence

Chesterfield Special
Cylinders
Hydratron UK

Submarines
Surface vessels
Aerospace
Test systems
Retest/refurbishment
In-situ testing



Industrial Gases

Chesterfield Special
Cylinders

Trailers
Bulk storage
Stock cylinders
Retest/refurbishment
In-situ testing

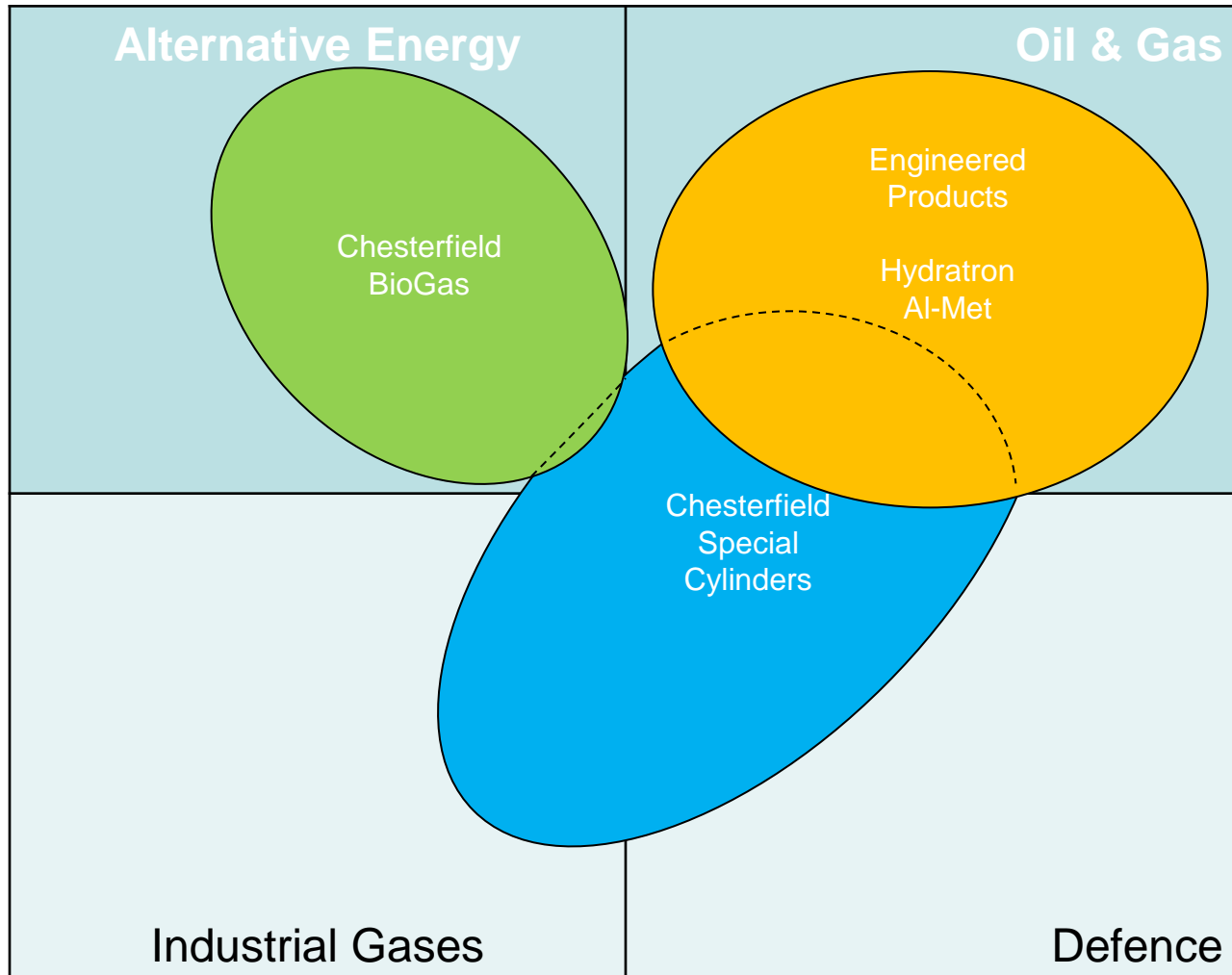


Alternative Energy

Chesterfield BioGas
Chesterfield Special
Cylinders

Biogas upgrading
Injection to Grid
CNG refuelling systems
Trailers





Cylinders

- Main market deepwater Oil & Gas platforms
- 2011 financial year impacted by low demand as market still weak following sinking of Deepwater Horizon
- Strong recovery in the market in the final quarter of 2011 financial year with significant orders booked for second half of 2012 financial year
- Medium and long term prospects remain strong as confidence in the sector has returned and platform requirements are increasing
- First in-situ inspection projects carried out in 2011 with follow on projects for 2012
- Objective is to maintain position as market leader

Engineered Products

- Al-Met – valve and flow control wear parts
 - 2011 record sales and profits year
 - Market flat in 2012 with significant growth forecast 2013 and 2014
 - Reorganisation of operations and support functions in 2012 to meet this upturn
 - Investment in EDM machinery and machining centre to extend process and size capability continuing in 2012
 - Commercial team strengthened to access new customers and markets
 - Objective remains to double size of business by 2015

Engineered Products

- Hydratron – pumps, boosters, hydraulic control panels, test rigs
 - 2011 constrained by relocation of UK part of business onto one integrated site but second half performance was excellent
 - Growing strongly in 2012 financial year in UK
 - US subsidiary making good progress in Houston market
 - Commercial team strengthened and prospects for short, medium and long term are exciting
 - Objective remains to double the size of the business by 2015

Naval cylinders

- Strong sales performance in the 2011 financial year with projects for BAE, DCN, Navantia and the Canadian Navy
- 2012 sales dip due to phasing of projects with next major deliveries for UK and France forecast for 2013
- Good forward visibility of build programmes for UK, US, French and Spanish navies and projects also planned in Australia, India and South Korea
- European prime defence contractors bidding for export projects on which our cylinder is the designated standard
- Medium term aim is to secure prime contractor status with all major western defence contractors

Aerospace cylinders

- Medium term market for steel cylinders to decline as aircraft withdrawn from service and cylinder technology changes
- Long term development project underway for light-weight composite cylinder technology to replace steel cylinders

Engineered Products

- Hydratron received first order from BAE in 2011 for high pressure test rigs
- Medium term grow this market in UK and Europe
- Additional sales resource added to develop this market

- Progress maintained in high pressure trailers
 - Compressed Natural Gas (CNG) trailer supplied to CBG and hydrogen trailer built to new CSC designs
 - Reconditioning business improved through changed factory layout and strengthening of management team
 - Hydrogen trailer to be used for short-term lease to gases companies to allow better scheduling of reconditioning
- No large “one off” projects in 2011 but two orders already booked for 2012
- First industrial in-situ inspection contract completed in 2011, further projects booked for 2012
- German sales office opened to build European market
- Objective is to maintain a base load of £2 million sales supplemented by “one off” projects

- Long term future of the business secured by extending licence with Greenlane® in perpetuity in 2011
- Significant interest in Biogas upgrading for Biomethane to Grid (“BtG”)
 - Chesterfield BioGas the BtG industry leader following Didcot project
 - Market slow to develop due to delay in RHI, complexity of the structure of projects and the planning system
 - Won order for £1 million project for Stockport for delivery September 2012
 - Several potential follow on orders but timing is issue for 2012
- Breakthrough in CNG vehicle refuelling market
 - First commercial vehicle refuelling stations supplied by CBG in 2011 now operational
 - Fleet user seeing “significant savings”
 - Follow on projects expected in 2012
- Objective to achieve annual sales of £10 million by 2015 is still achievable if growth pattern achieved overseas is repeated in the UK

Outlook
and
Summary

- 2011 was a difficult year but improvement in Cylinder division in second half of the year confirms that the “trough” is behind us
- Cylinder and Engineered Products divisions giving solid growth in 2012
- Alternative Energy slower to reach its potential but expecting growth final quarter 2012 into 2013
- Growth supported by order intake and level of outstanding quotations
- Potential acquisitions and new service and product development providing additional growth opportunities
- Balance sheet robust with significant cash balances as a platform for further progress
- Dividend maintained as Group remains confident in future outlook
- Board confident of achieving 2012 market forecast
 - Sales £27.7 million (2011: £23.1 million)
 - PBT £1.8 million (2011: £0.6 million)

Pressure Technologies plc



Questions & Answers

Pressure Technologies plc AGM, 7 February 2012