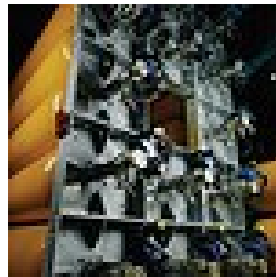


# Pressure Technologies plc



Pressure Technologies plc  
Preliminary Results  
6 December 2011

John Hayward, Chief Executive  
James Lister, Finance Director

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# 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

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- Highlights
- Financial Performance
- Business Update and Strategy
- Summary and Outlook
- Questions and Answers

# Pressure Technologies plc

## Highlights

- Revenue of £23.1 million (2010: £21.7 million)
- Operating profit at £0.7 million (2010: £3.5 million)
- Pre-tax profit of £0.6 million (2010: £3.5 million)
- Basic earnings per share 3.5p (2010: 22.3p)
- Year end net funds, after acquisition of the Hydratron Group of Companies, £2.9 million (2010: £6.5 million)
- Proposed final dividend of 4.8p per share (2010: 4.8p), giving a total dividend of 7.2p per share (2010: 7.2p)

- Sound balance sheet maintained and cash management strong
- Dividend maintained as Group remains confident in future outlook
- Year impacted by low demand for deepwater Oil & Gas platforms in Cylinder division but recovery underway and demand trough behind us
- Successful acquisition of Hydratron strengthens Engineered Products division and continues diversification strategy
- Forward order books in Cylinder and Engineered Products divisions growing strongly

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# Financial Performance

**James Lister**  
**Group Finance Director**



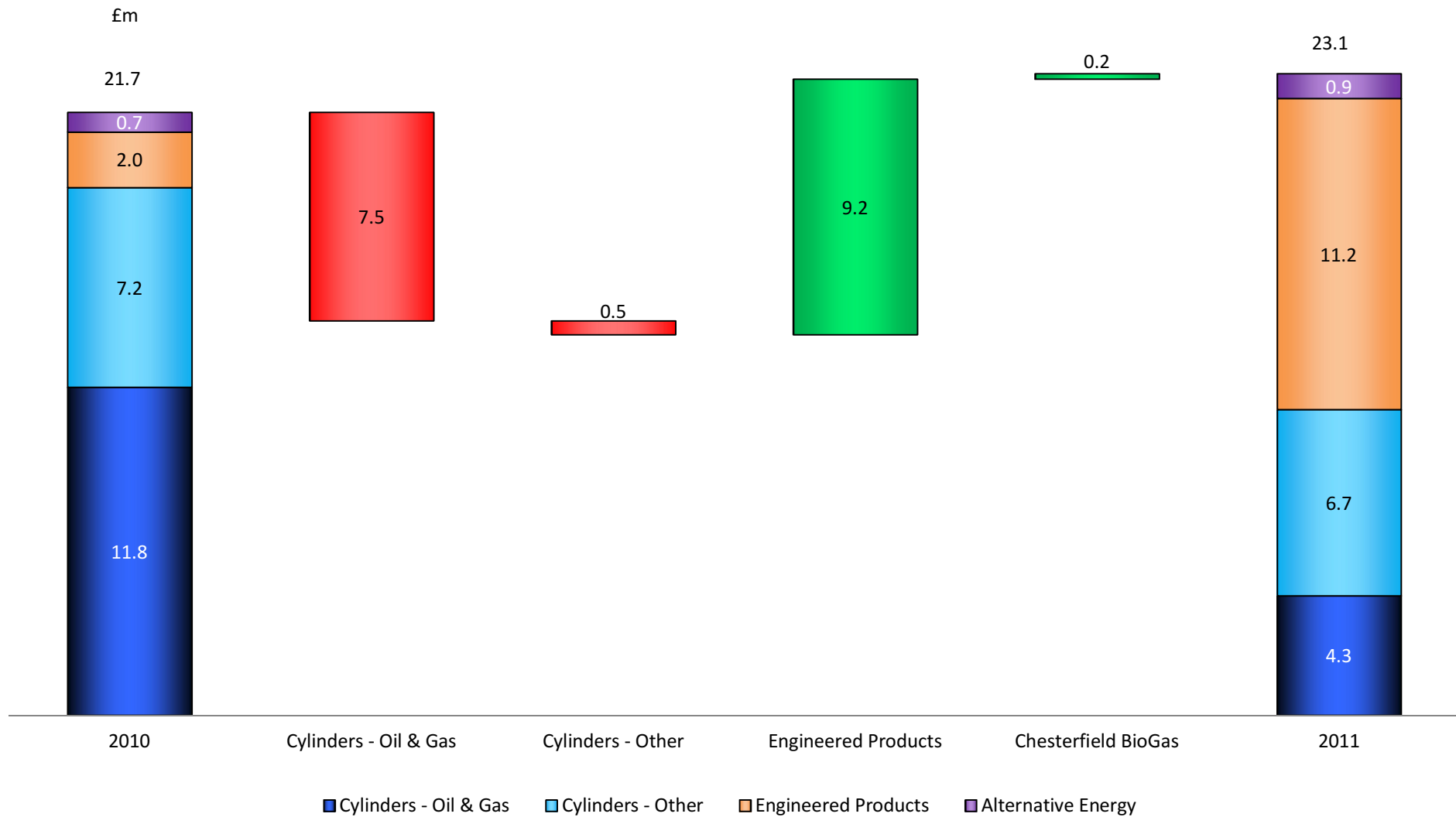
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## Financial Performance

	01 Oct 11	02 Oct 10
Sales (£m)	<b>23.1</b>	21.7
Operating Profit (£m)	<b>0.7</b>	3.5
Operating Margin (%)	<b>3.0%</b>	16.1%
EBITDA (£m)	<b>1.5</b>	4.0
PBT (£m)	<b>0.6</b>	3.5
EPS Basic (pence)	<b>3.5</b>	22.3
Dividend (pence)	<b>7.2</b>	7.2
Cash Flow (£m)	<b>(3.7)</b>	(1.4)
Net Funds (£m)	<b>2.9</b>	6.5

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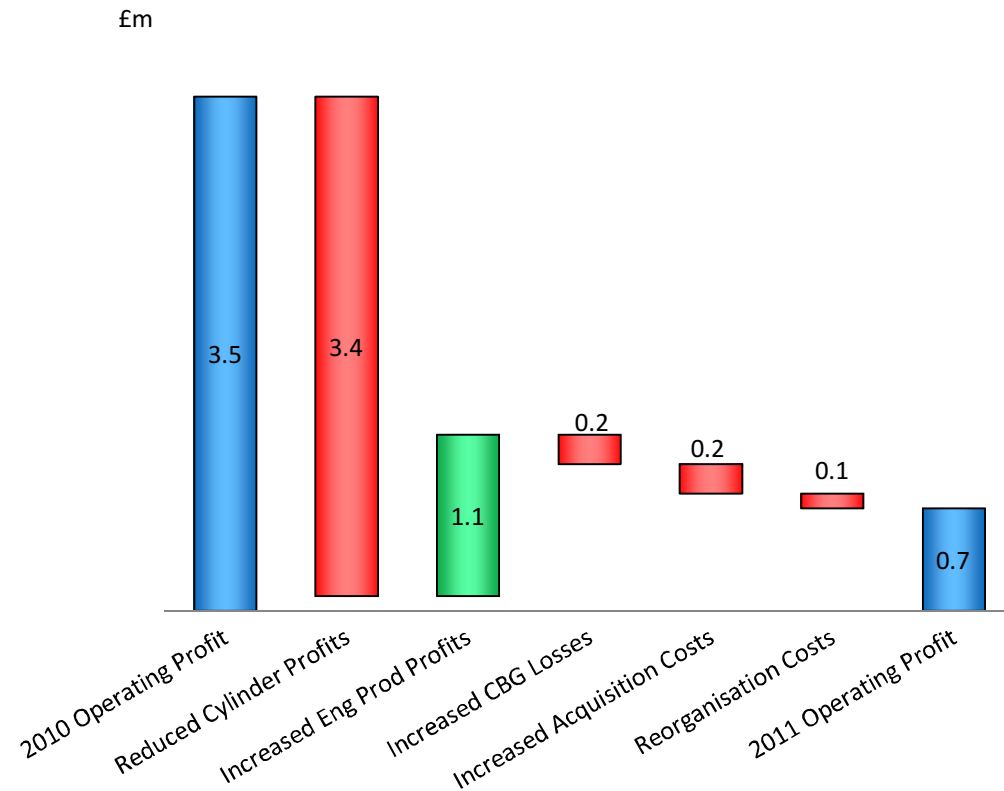
## Sales Analysis



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## Operating Profit

	2011 £m	2010 £m
Cylinders	1.4	4.8
Engineered Products	1.1	0.0
Chesterfield BioGas	(0.5)	(0.3)
Acquisition costs	(0.4)	(0.2)
Central costs (unallocated)	(0.9)	(0.8)
<b>Operating profit</b>	<b>0.7</b>	<b>3.5</b>



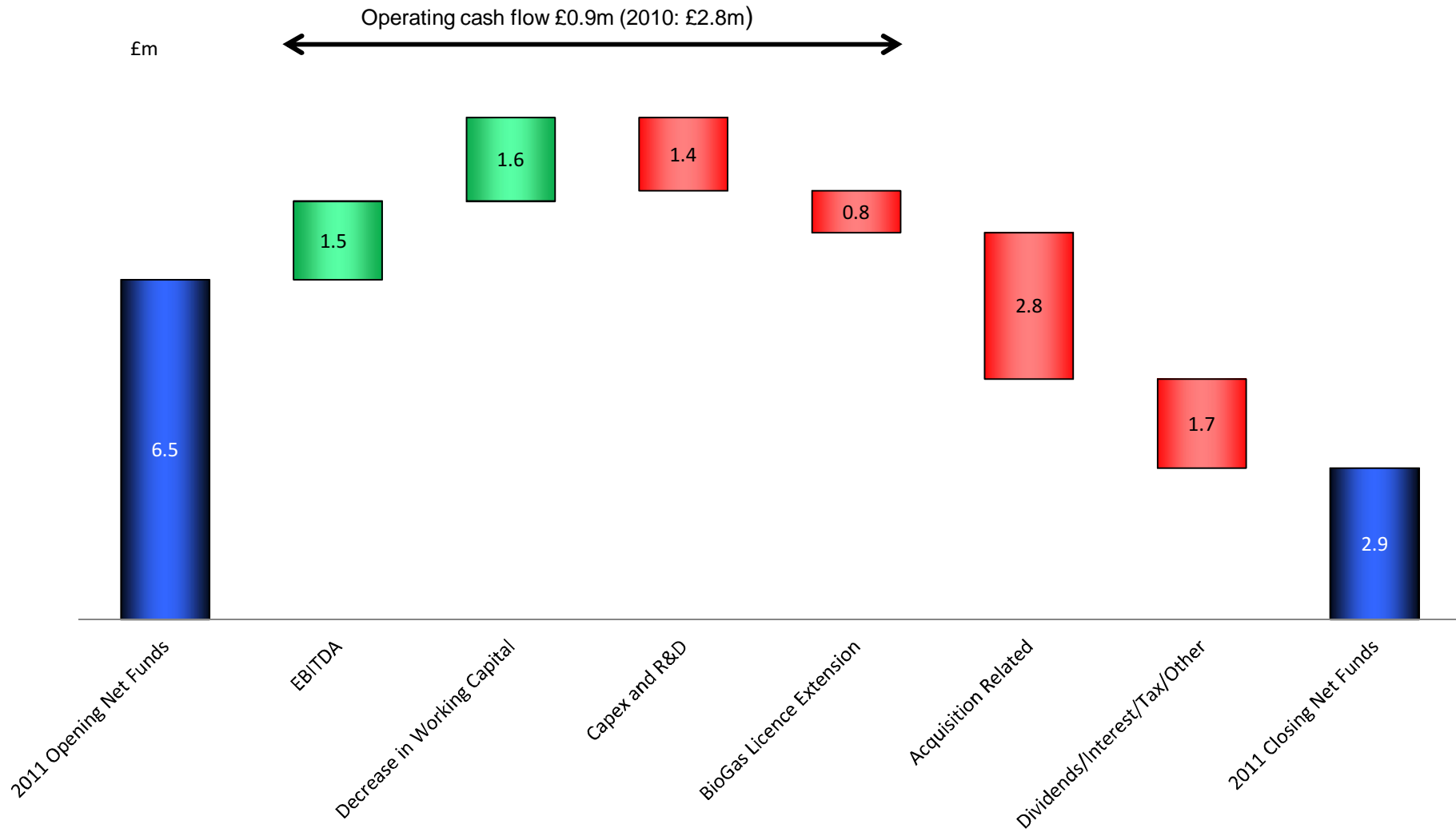
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## Balance Sheet

	01 Oct 2011 £m	02 Oct 2010 £m	Hydratron at Acquisition £m
Intangible assets	3.9	0.8	2.5
Fixed assets	4.6	3.7	0.3
<i>Inventories</i>	5.0	3.6	1.2
<i>Receivables</i>	6.8	6.9	1.2
<i>Payables</i>	(7.0)	(4.4)	(2.1)
Working capital	4.8	6.1	0.3
Tax provisions	(0.7)	(1.2)	(0.3)
Net funds	2.9	6.5	(2.8)
Net assets	15.5	15.9	-

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## Cash Flow



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# Business Strategy and Update

**John Hayward**  
**Chief Executive**

- The vision is to build a highly profitable group of companies specialising in the containment and control of liquids and gases in pressure systems
- Five pronged strategy to deliver this
  - Building a balanced Group through complementary acquisitions
  - Expanding the portfolio of products and services
  - Investing in new technology
  - Investing in people
  - Investing in strategic partnerships

- Building a balanced Group
  - Target companies in niche areas of pressure containment and control
  - Profitable with significant growth potential
  - Management teams should be stable and capable of developing the business
  - There should be overlap in core skills and/or customers to minimise technology and market risks
  - First acquisitions have demonstrated the Group's capability to buy and integrate complementary businesses



- Expanding product portfolio
  - Cylinders
    - in-situ inspection
    - new trailer designs
    - light-weight composites
  - Hydratron
    - extending range of pumps
    - automation of test rigs
  - Al-Met
    - develop new surface coatings
  - Setting up Chesterfield BioGas

- Investing in Technology
  - Cylinders
    - State of the art cleaning technology
    - Improvement in productivity through investment in automation
  - Engineered Products
    - Investment in CMM technology to help meet customer requirements for tighter tolerances in machining
    - Technology improvements through investment in electro-discharge machining
    - Expansion in size range through purchase of a larger machining centre

- Investing in people
  - Apprenticeships, sponsored degrees and post-graduate study
  - Multi-skilling
  - Common terms and conditions of employment
  - Sharing in the success of the business through bonus and SAYE schemes
- Investing in partnerships
  - Reduced cost of developments and speed time to market
  - Use of local universities, specialist research centres such as AMRC and Namtech and key suppliers and customers
  - Licensing technology from market leading companies to expand our product and service offering

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# Pressure Technologies plc

## Business Overview

Cylinders



Engineered  
Products



Alternative  
Energy



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## Business Overview

### 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

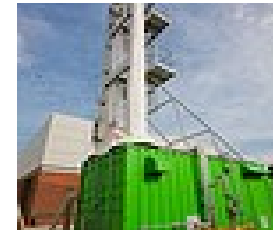
Trailers  
Bulk storage  
Stock cylinders  
Retest/refurbishment  
In-situ testing

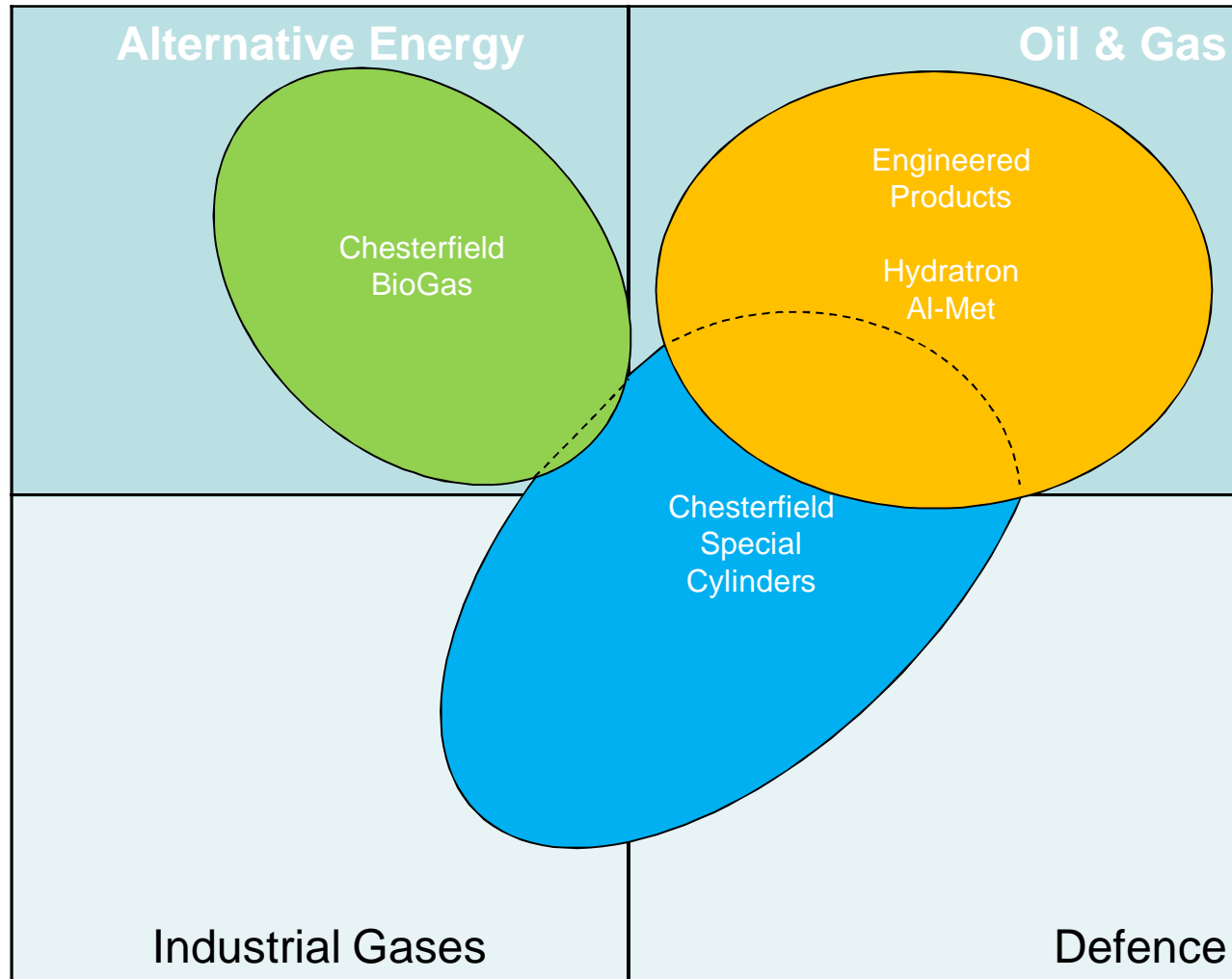


### Alternative Energy

Chesterfield BioGas  
Chesterfield Special  
Cylinders

Biogas upgrading  
Injection to Grid  
CNG refuelling systems  
Trailers





### Cylinders

- Main market deepwater Oil & Gas platforms
- Year impacted by low demand as market still weak following sinking of Deepwater Horizon
- Strong recovery in the market in the final quarter of the year with significant orders booked for second half of 2012
- 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
  - Record sales and profits year
  - Market strong with significant growth forecast 2013 and 2014
  - Invested in EDM machinery and machining centre to extend process and size capability
  - 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
  - Purchased 15 October 2010 for £3.3 million of which £0.8 million deferred to 2012
  - First half constrained by relocation of UK part of business onto one integrated site
  - Second half performance excellent
  - 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 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 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
- Success of Didcot upgrader and published level of the Renewable Heat Incentive (RHI) has firmed up interest in biomethane to grid (“BtG”)
  - Chesterfield BioGas the BtG industry leader
  - Market slow to develop due to delay in RHI, complexity of the structure of projects and the planning system
  - Forecasting two projects for 2012 but timing of orders is of the essence
- Breakthrough in CNG vehicle refuelling market
  - First commercial vehicle refuelling stations supplied by CBG 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

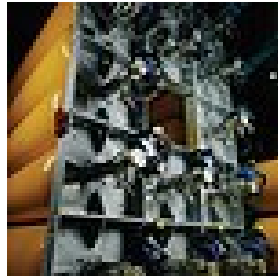
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- A difficult year but improvement in Cylinder division in second half of the year confirms that the “trough” is behind us
- Cylinder and Engineered Products divisions expecting solid growth in 2012
- Alternative Energy slower to reach its potential 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



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## Questions & Answers

Pressure Technologies plc Preliminary Results 2011