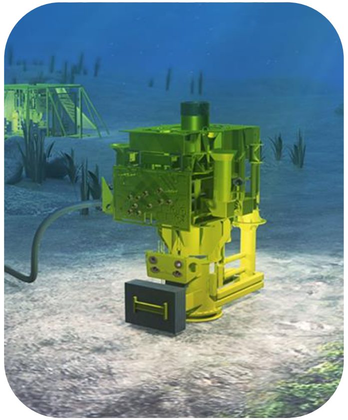
HAYWARD TYLER

ENGINEERING EXCELLENCE
1815 - 2015
200 YEARS

Hayward Tyler Group PLC
Presentation to Investors
November 2015

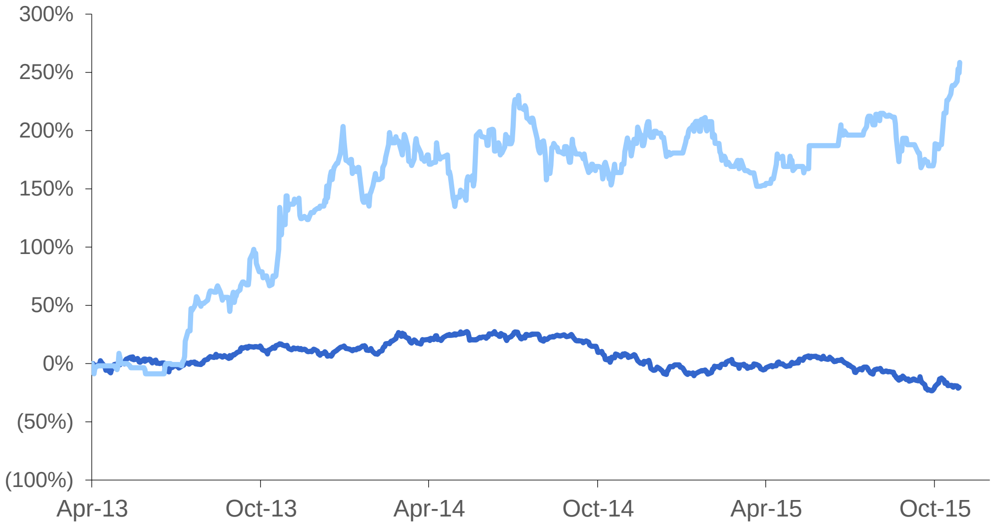


Ewan Lloyd-Baker, CEO

Nick Flanagan, CFO

Key Messages

- Positive progress continues against all our FY2016 priorities
  - Building work at Luton Centre of Excellence is in line with expectation
  - Strategically important agreements signed with FMC Technologies and Ebara Corporation
  - Acquisition completed
- Year to date trading in line with Management's expectation
- Agreement signed with GE Oil & Gas for supply of a subsea motor
- Order outlook remains positive



Source: finnCap

***Avingtrans PLC, Melrose Industries PLC, Renold PLC, Rotork PLC, Spirax-Sarco Engineering PLC, The Weir Group PLC*

Highlights | 1H2016

HAYWARD TYLER

£21.8m

£1.8m

3.87p

£2.0m

Revenue

Lower by 9% to £21.8m (1H2015: £24.0m)

Driven by lower order intake in FY2015

Far East and USA were largest markets whilst Power and Nuclear were largest sectors

Trading PBT

Level at £1.8m (1H2015: £1.8m)

Driven by lower EBIT offset by lower net finance costs

Trading FD EPS

Trading Fully Diluted EPS 19% up to 3.87p (1H2015: 3.26p)

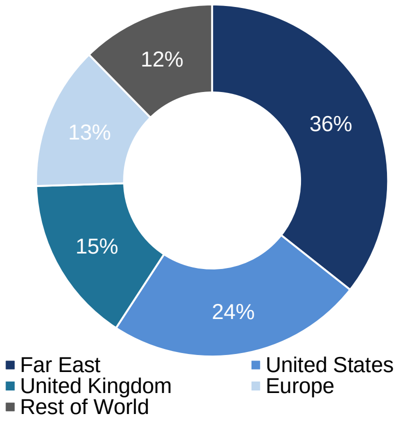
Cash from operations

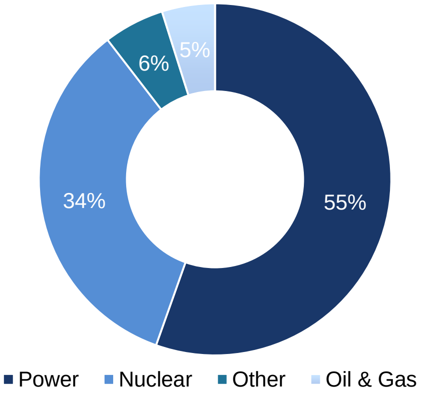
Net cash generated from trading operations increased to £2.0m (1H2015: £1.7m)

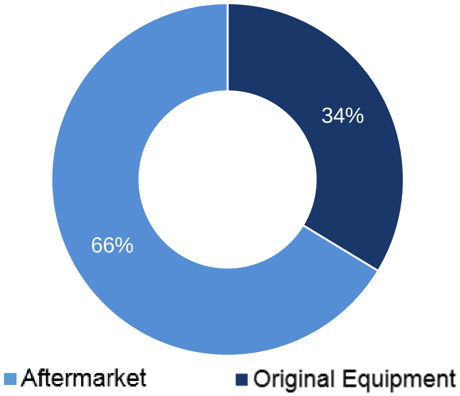
Driven by improvements to working capital

Headroom higher at £5.7m (at 30 September 2014: £3.9m)

Revenue







Revenue down 9% to £21.8m (1H2015: £24.0m) driven by OE offset by AM

Far East was largest market at 36% of revenue (1H2015: 23%) driven by Nuclear sales to South Korea

USA remained strong at 24% (1H2015: 19%)

UK and Europe higher at 15% (1H2015: 9%) and 13% (1H2015: 10%) driven by the Nuclear sector

Power remains the principal sector at 55% (1H2015: 63%) of revenue

Nuclear was strongly ahead at 34% (1H2015: 10%) driven by demand for spares from the Far East and Europe

Oil and Gas fell to 5% (1H2015: 10%) but it is anticipated to rise in 2H2016

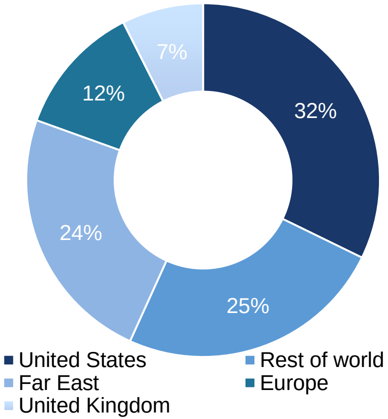
Other fell to 6% (1H2015: 17%) reflecting lower demand from the chemicals industry

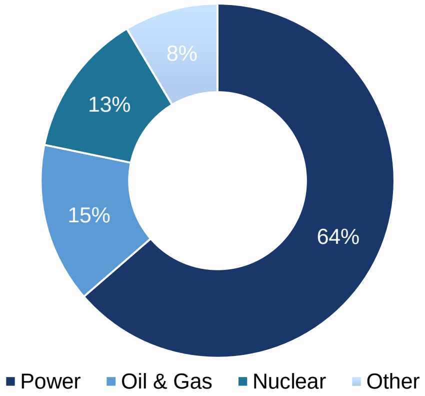
Mix of revenue 66%:34% in favour of AM (1H2015 55%:45%)

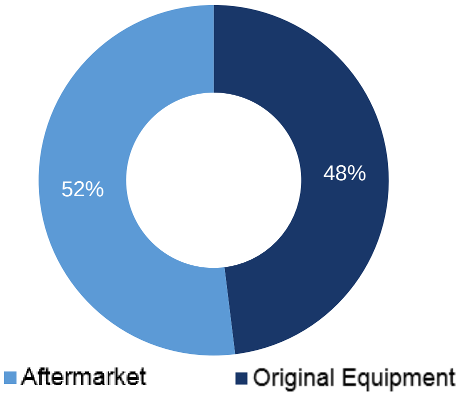
OE revenue was 31% lower at £7.4m (1H2015: £10.8m) driven by Oil and Gas

AM revenue was 9% higher at £14.5m (1H2015: £13.2m) driven by demand from the Nuclear sector

Order Intake







- Order intake down 4% to £26.6m (1H2015: £27.6m) driven by lower AM orders offset by higher OE
- USA was largest market at 32% (1H2015: 28%)
- Rest of the World was 25% (1H2015: 15%) driven by orders from India
- Far East was down to 24% (1H2015: 44%) – prior period included USD10.0m Nuclear order from KHNP
- Europe at 12% (1H2015: 3%) due to subsea motor order from GE Oil & Gas

- Power remains the principal sector at 64% (1H2015: 51%) of orders
- Nuclear was down to 13% (1H2015: 34%) – prior period included the KHNP order
- Oil and Gas was ahead at 15% (1H2015: 3%) driven by subsea related orders from FMC and GE Oil & Gas
- Other was 8% (1H2015: 11%)

- Mix of order intake 52%:48% in favour of AM (1H2015: 64%:36%) – prior period orders skewed towards AM by KHNP order
- OE order intake was £12.8m (1H2015: £9.8m) driven by Power together with Oil and Gas
- AM order intake was £13.8m (1H2015: £17.7m)

Trading Income Statement

Six months to 30 September £ million	2015	2014
Revenue	**21.8**	**24.0**
Gross profit	**7.5**	**7.6**
Gross profit %	*34%*	*32%*
Operating charges	(5.5)	(5.3)
EBIT	**2.0**	**2.3**
Finance costs	(0.2)	(0.5)
Profit before tax	**1.8**	**1.8**
Tax	(0.1)	(0.4)
Net Profit	**1.7**	**1.5**
Basic EPS (pence)	3.91	3.26
FD EPS (pence)	3.87	3.26

REVENUE

£21.8m

Down 9%

OE down 31% offset by a 9% increase in AM driven by Nuclear

FULLY DILUTED EPS:

3.87p

Up 19%

Fully Diluted EPS 19% up to 3.87p and Basic EPS up 20% to 3.91p

PROFIT BEFORE TAX

£1.8m

Level

PBT at £1.8m is level with prior year driven by lower EBIT offset by lower net finance costs

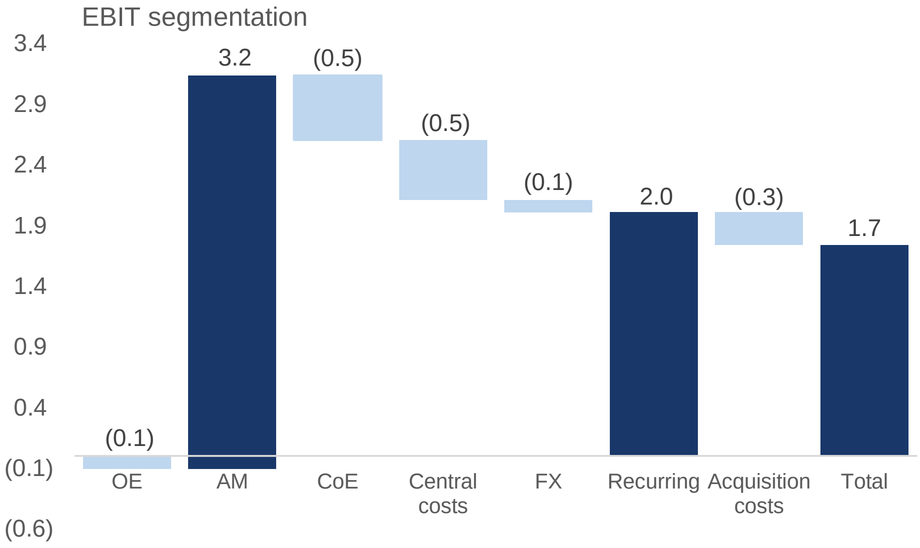
EBIT lower due to expenditure on Centre of Excellence of £0.5m (1H2015: £0.2m)

- Gross profit margin increased to 34% as a result of the AM:OE mix in favour of higher margin AM business
- Finance costs include £0.1m positive impact from fair value of derivatives
- Trading EBIT excludes £0.3m of non-trading expenses associated with the acquisition of Peter Brotherhood

Segmental Split

Six months to 30 September £ million	2015		2014	
Segments	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin
OE	7.4	13%	10.8	14%
AM	14.5	45%	13.2	46%

- OE revenue was 31% lower due to lower Oil and Gas revenue
- AM revenue was 9% higher driven by Nuclear sector
- OE margin down marginally due to a higher proportion of units for lower margin Power sector
- AM margin at low end of typical range of 45-50% due to mix



- OE loss due to higher proportion of lower margin Power revenue
- AM remains driver of profitability
- Centre of Excellence (CoE) net costs (training, development and R&D offset by grant income) of £0.5m (1H2015: £0.2m)
- Central costs marginally lower than prior period
- Non-trading costs relate to acquisition of Peter Brotherhood incurred up to 30 September 2015

Balance Sheet

At 30 September £ million	2015	2014
Property, plant & equipment	15.8	9.2
Intangible assets	3.2	2.9
Deferred tax assets	2.5	2.8
Other debtors	0.5	3.5
Non-current assets	**22.0**	**18.4**
Current assets (excl. cash)	**22.9**	**19.9**
Net Debt	**(10.5)**	**(8.0)**
Payments on account	(4.2)	(4.1)
Other current liabilities	(10.8)	(8.8)
Current liabilities (excl. borrowings)	**(15.0)**	**(12.9)**
Pension scheme deficit	(0.2)	(1.5)
Other creditors	(2.6)	(3.4)
Non-current liabilities	**(2.8)**	**(4.9)**
Net assets	**16.6**	**12.5**

NON-CURRENT ASSETS

£22.0m

Up 20%

Increase in non-current assets driven by investment in Centre of Excellence

NET DEBT

£10.5m

Up 31%

Net debt increase driven by investment in Centre of Excellence

Headroom at £5.7m (at 30 Sep 2014: £3.9m)

NET ASSETS

£16.6m

Up 33%

Net assets up 33% to £16.6m reflects profits generated and actuarial gain on pension plan offset by dividends paid

- Net current assets increased by £0.5m on the back of higher receivables at 30 Sep 2015
- Pension deficit down 88% due to increase in value of plan assets
- Non-current other creditor represents deferred income in respect of the RGF programme

Net Debt

At 30 September £ million	2015	2014
Term borrowings	(6.9)	(5.2)
Finance leases	(1.3)	(0.5)
Revolving credit facilities	(5.5)	(4.0)
Cash	3.2	1.7
Net Debt	**(10.5)**	**(8.0)**

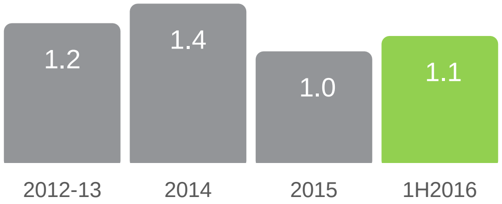
- Net debt increased 31% to £10.5m at 30 September 2015 driven by capital expenditure at the Luton factory offset by cash generated from operating activities

- The Secured Loan Note Programme which launched in January 2015 is now fully subscribed following the second issue in July which raised £1.4m

Net debt bridge

KPIs

Order Intake to Historical Revenue
Ratio

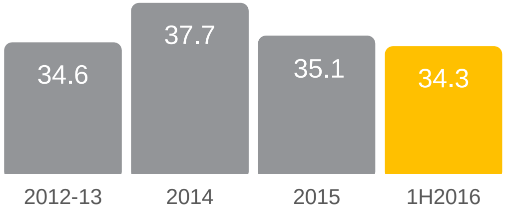


Target > 1.1x

New orders represent future revenue and profit

On target partly due to an uplift in orders from Oil and Gas sector

Gross Profit
%

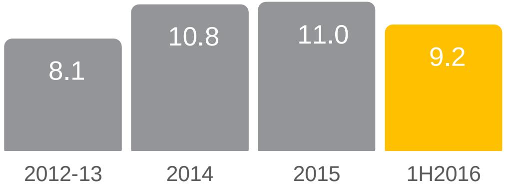


Target > 35%

Maintain a balance between prices and direct costs

Marginally below the 35% target at the 1H2016 but expect the Hayward Tyler business to achieve target for FY2016

Trading EBIT
%



Target 10-15%

Key profit measure that is used to assess operational performance

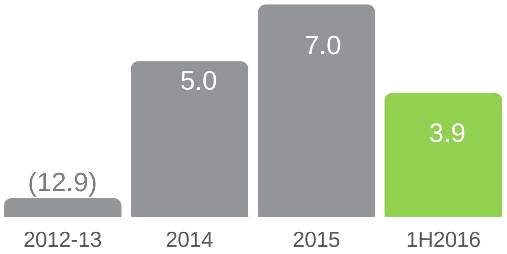
Trading EBIT% of 9.2% was 0.4% points behind the same period in prior year (1H2015: 9.6%)

Expectation is for the Hayward Tyler business to achieve target for FY2016

KPIs presented on a like-for-like basis (i.e. exclude non-recurring items)

KPIs (continued)

Trading FD EPS Growth
EPS pence



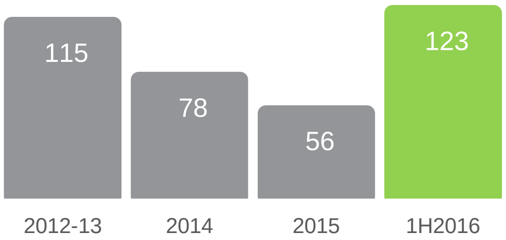
Target > 10%

Closely aligned to shareholders' objectives

Trading Basic EPS grew by 20% to 3.91p (1H2015: 3.26p)

Trading Fully Diluted EPS grew by 19% to 3.87p (1H2015: 3.26p)

Cash Conversion
%

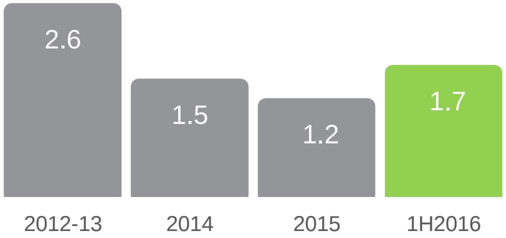


Target > 85%

Maintain a balance between growth and working capital

123% cash conversion in 1H2016 reflecting improvements to working capital

Net Debt to Trading EBITDA
Ratio



Target < 2:1

Maintain a balance between growth and borrowings

Net debt to EBITDA ratio well within target at 1.7:1 in spite of significant investment in Centre of Excellence

KPIs presented on a like-for-like basis (i.e. exclude non-recurring items)

Markets

Power

Order intake 64%, Revenue 55%

Demand for new units driven by China and India

Agency agreement signed with Ebara Corporation to supply HT BCPs in Japan and globally

AM generated by worldwide installed base and market focus on extending plant life to increase capacity and secure supply

Oil & Gas

Order intake 15%, Revenue 5%

Cost of recovery and efficiency are key drivers for subsea and topside markets

Production alliance signed with FMC to manufacture 3.2MW permanent magnet motor for subsea processing and subsea motor order from GE Oil & Gas

Other

Order intake 8%, Revenue 6%

Covers applications across industrial, chemical and renewables sectors

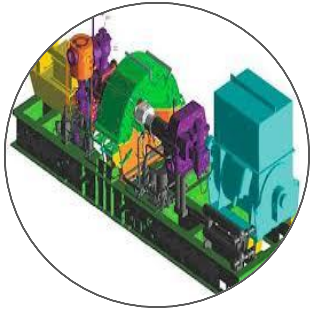
Nuclear

Order intake 13%, Revenue 34%

Current market driven by AM, extension of plant life and worldwide installed base in USA, South Korea, Europe and UK

Potential new units business from UK, India, USA and China

Significant investment in Centre of Excellence with CNSiG training and development programme to make the business “Fit for Nuclear”



Peter Brotherhood

Focus on 3 main product areas:

- Steam turbines
- Gas compressors
- Combined heat and power units

End markets served include marine (FPSOs/container ships/submarines), sugar processing, process and petrochemical industries.

Aftermarket key both in terms of long term service agreements (CHP) and also aging installed base.

Source: Commercial due diligence report

Summary

- Interim results consistent with Board expectations for full year
- Opportunities for overall margin improvement through ongoing enhancements in Hayward Tyler and the significant transformation of Peter Brotherhood
- Step change in overall size of the Group and wider opportunities
- Focus on profitable, cash generative growth
- Board commitment to pay an interim dividend of 0.552p per share in February 2016

Appendices

Introduction to Peter Brotherhood

- Peter Brotherhood is a UK-based engineering business specialising in steam turbines, reciprocating gas compressors and combined heat and power units for the power generation, oil and gas and marine markets
- Trade and assets of the business acquired on 30 October from Dresser-Rand for a price of USD15.0m*
- 145 members of staff based on a 11.9 acre site in Peterborough
- Has nearly 1,500 units currently operational across 100 countries**
- Engineering legacy which stretches back to 1867
- UK's only producer of steam turbines with an output up to 40MW**
- Supplies to operators which include Woodside, SBM, Saipem, Aker, Fred Olsen, Samsung and Maersk

"The aim is to resurrect the Peter Brotherhood brand and drive the growth of the business as a standalone entity"

www.peterbrotherhood.com

** Subject to an adjustment for working capital*
*** Based on Management's knowledge of the industry & third party commercial due diligence*

Funding of Peter Brotherhood Acquisition

	£m	Margin% (over LIBOR)	Term (years)
Property term loan	2.5	3.25	5
Term loan	3.5	4.25 to 3.25*	3
Bridging facility	5.0	4.75	1
Total	**11.0**		

- Committed facilities provided by NatWest based on existing documentation
- Extended debt maturity profile including existing HT property term loan and revolving credit facility
- Additional £3.0m revolving credit facility (term of 3 years and margin% of 3.75 to 3.25*) and £0.9m bonds & guarantee facility

** Margin subject to leverage of HT Group*

Where we are (incl. the number of our employees)

Original Equipment design , project management and production centres

Local service centres

Locations:
1 Luton, UK
2 Peterborough, UK
3 Glasgow, UK
4 Vermont, USA
5 Kunshan, China
6 Delhi, India

ENGINEERING EXCELLENCE

1815 - 2015