



Autins Group – FY18 Results

March 2019

- INTRODUCTION
- OPERATIONAL HIGHLIGHTS
- THE OPPORTUNITY
- FINANCIAL REVIEW
- SUMMARY
- APPENDIX

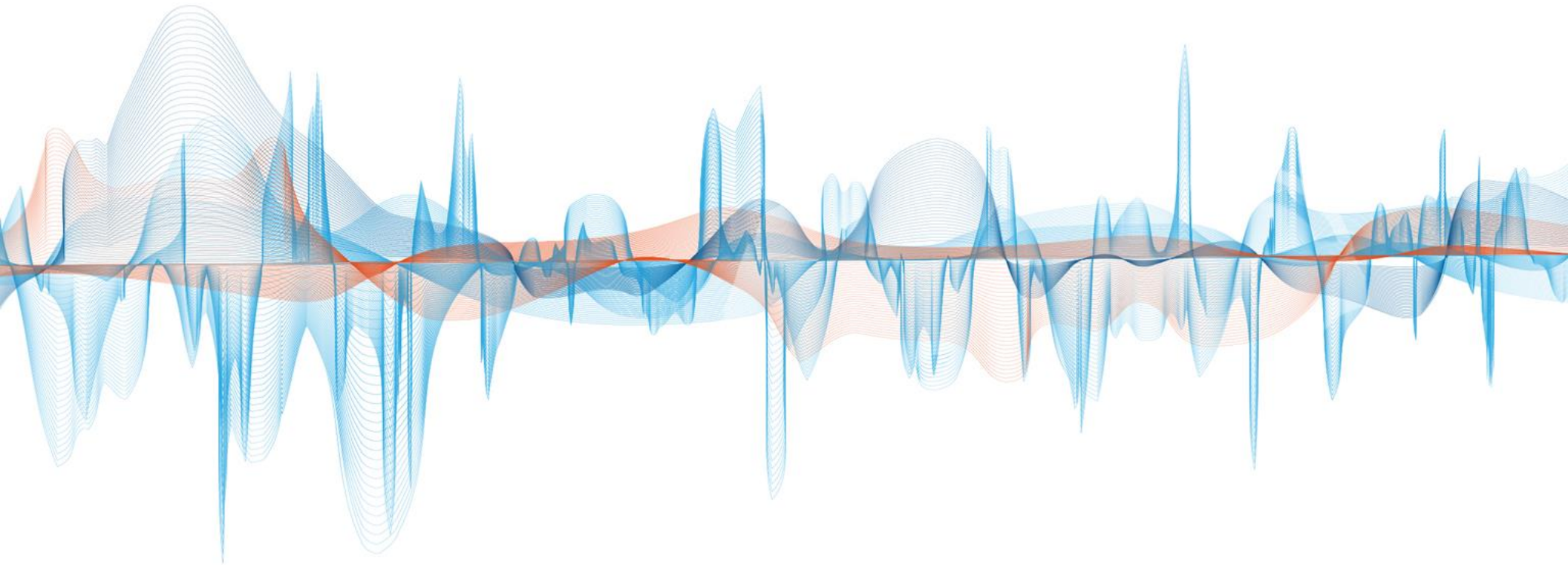
Building a broad platform for growth

- A year of significant progress, despite market challenges
- Financial performance unsatisfactory
- Strategic progress very encouraging:
 - Group sales: **+45%** in 2 years
 - Winning new customers and reducing customer concentration
 - Europe growth accelerates: **+60%**
 - Growth in new markets: **+53%**
 - Neptune technology winning new business and key to our success
- **Renewed focus on cost control, confident 2019 will deliver positive results**

Section

01

Operational Highlights



Delivering the Strategy

Customer concentration reduced

- New customer wins in UK with Aston Martin, Auria, Bentley, Grupo Antolin and Toyota

Geographic expansion

- German sales: **+67%** to £3.4m
- Swedish sales: **+38%** to £1.1m
- New automotive wins with BMW, Dr Schneider, Magna, Porsche, Seat, Skoda, Volvo, VW, Webasto

New market growth

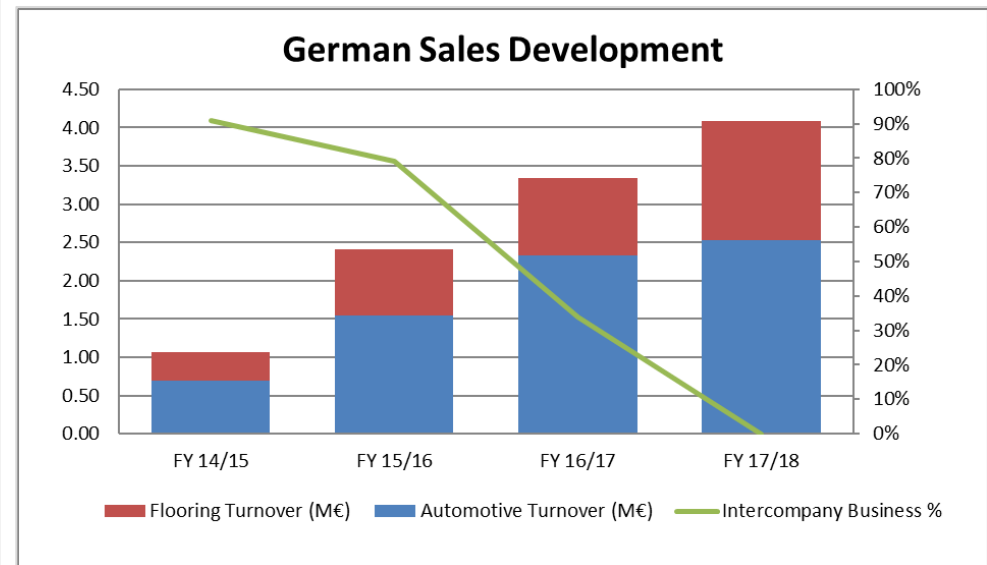
- Flooring sales: **+46%** to £1.4m
- Building and industrial applications: **+66%** to £0.8m

Neptune patented technology

- All customers have approved and recognised as “best in class”
- Full scale production of Neptune began Q1 18. Production up 88% in last 6 months

Sales growth accelerates in Germany

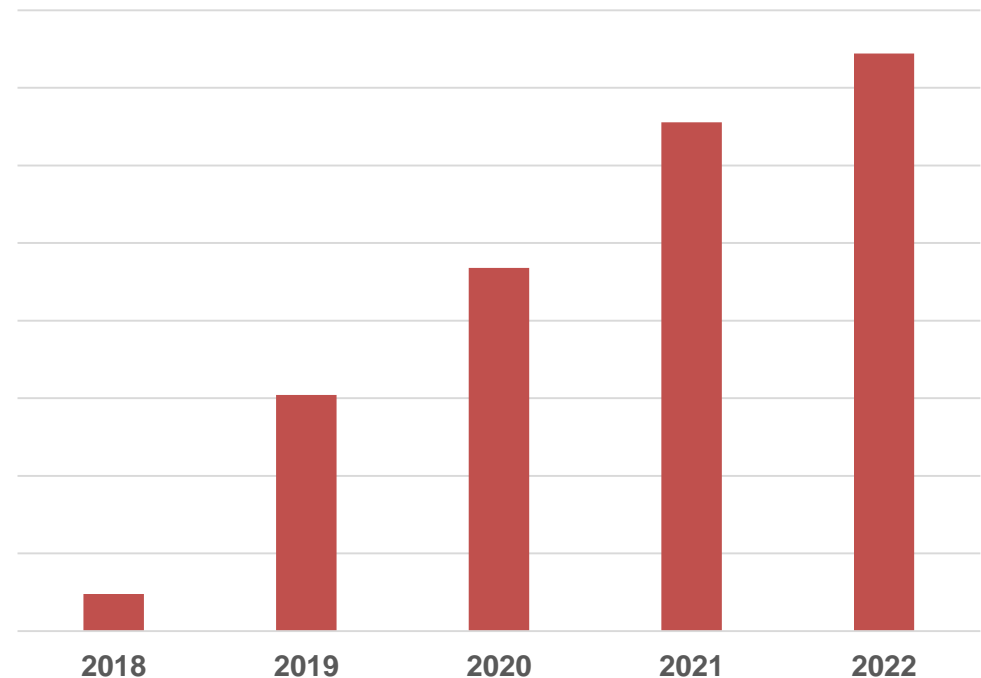
- Established in 2014
- 2018 sales **+67%** to €4.1m
- No longer reliant on inter-company sales
- Automotive:
 - 15 major automotive customers including VW, Porsche, Skoda and Seat
 - Neptune approved by every targeted OEM
 - BMW wrote a new specification in recognition of the superior performance of Neptune
- Flooring:
 - Flooring sales **+60%** to €1.5m
 - Customers include global manufacturers Gerflor, IVC and Tarkett



Neptune builds momentum

- Every targeted customer has approved Neptune – it is a winner
- Production started Q1 2018
- Strong sales pipeline growth
 - **£6m** of Neptune product in production or booked
 - Production volume **+88%** in last 6 mths
 - Pipeline growth **+35%** in last 6 mths
- Currently 91 projects with 36 different companies
- Neptune key to success in Europe

Potential Neptune Fleece Sales Development



Decisive actions for recovery

Thorough review of the Group strategy with refocused priorities for 2019

- Rigorous analysis of forecasts and prudent targets set
- Focus brought on profitability and working capital for cash generation to reduce debt levels
- Operational management structure changed
- Focus on the basics, effective processes, rigorous daily management
- Cost savings:
 - Annualised salary savings of £850k
 - Working capital savings plan implemented
- Underpinned by common sense of purpose and alignment

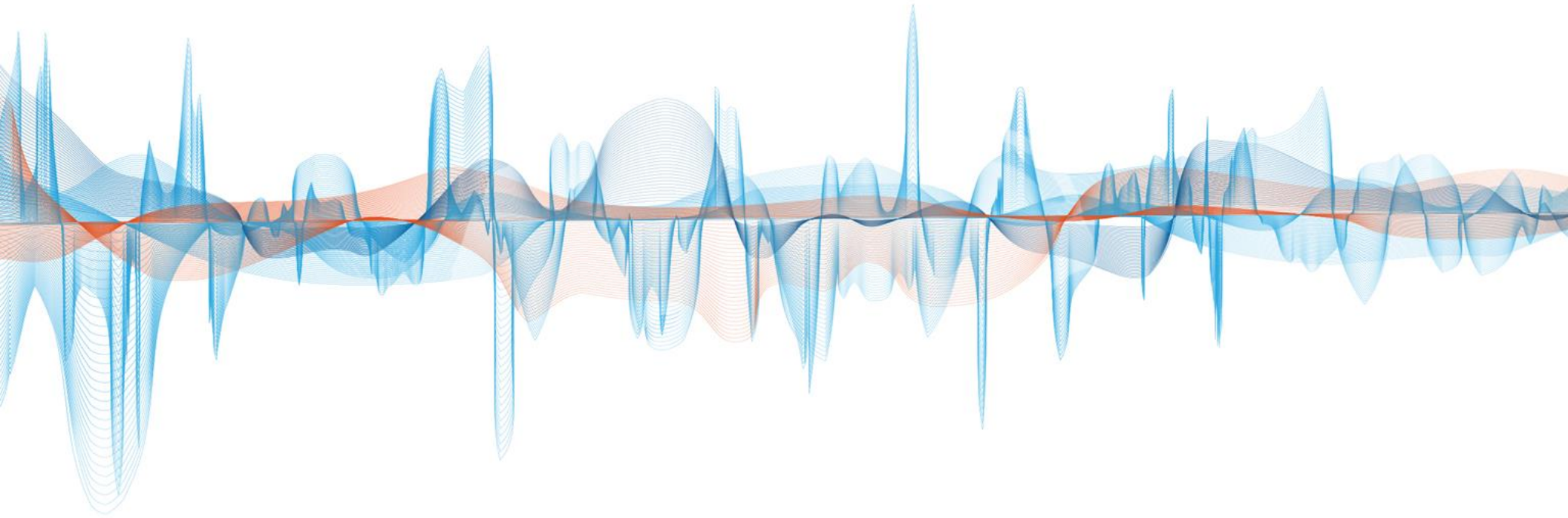
Financial Overview

- Revenue **+10.9%** to £29.2m
 - H1 +29% YoY
 - H2 -5% YoY
- Adjusted EBITDA loss of -£0.3m (FY 17: +£2.0m)
- Net Debt £4.2m (FY17: £2.0m)
- EPS -6.14p per share (FY 17: 1.82p)
- Reprofiting of existing bank facilities post Year End
- **KPI's:**
 - New Product & Customer sales **+5.5%pts** to 18.3%
 - Delivering on strategic promises:
 1. Customer concentration reduced – new customer wins
 2. Geographic expansion (Non UK) – up from 12% to 17% of total revenue
 3. Expand in new markets – up from 5% to 8% of total revenue
 4. Neptune patented technology – all target customers approved Neptune

Section

02

The Opportunity



A real growth opportunity

£700M auto market

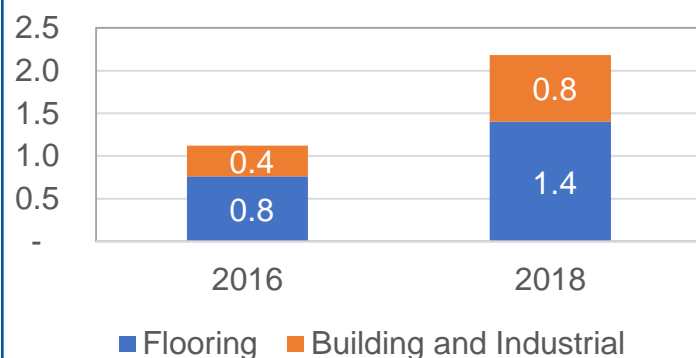
The directly addressable
market value for existing
products in Europe

45%
growth in 2
years

Only
4%
market share in
Europe

83%
of sales are in
UK

New markets (sales £m's)



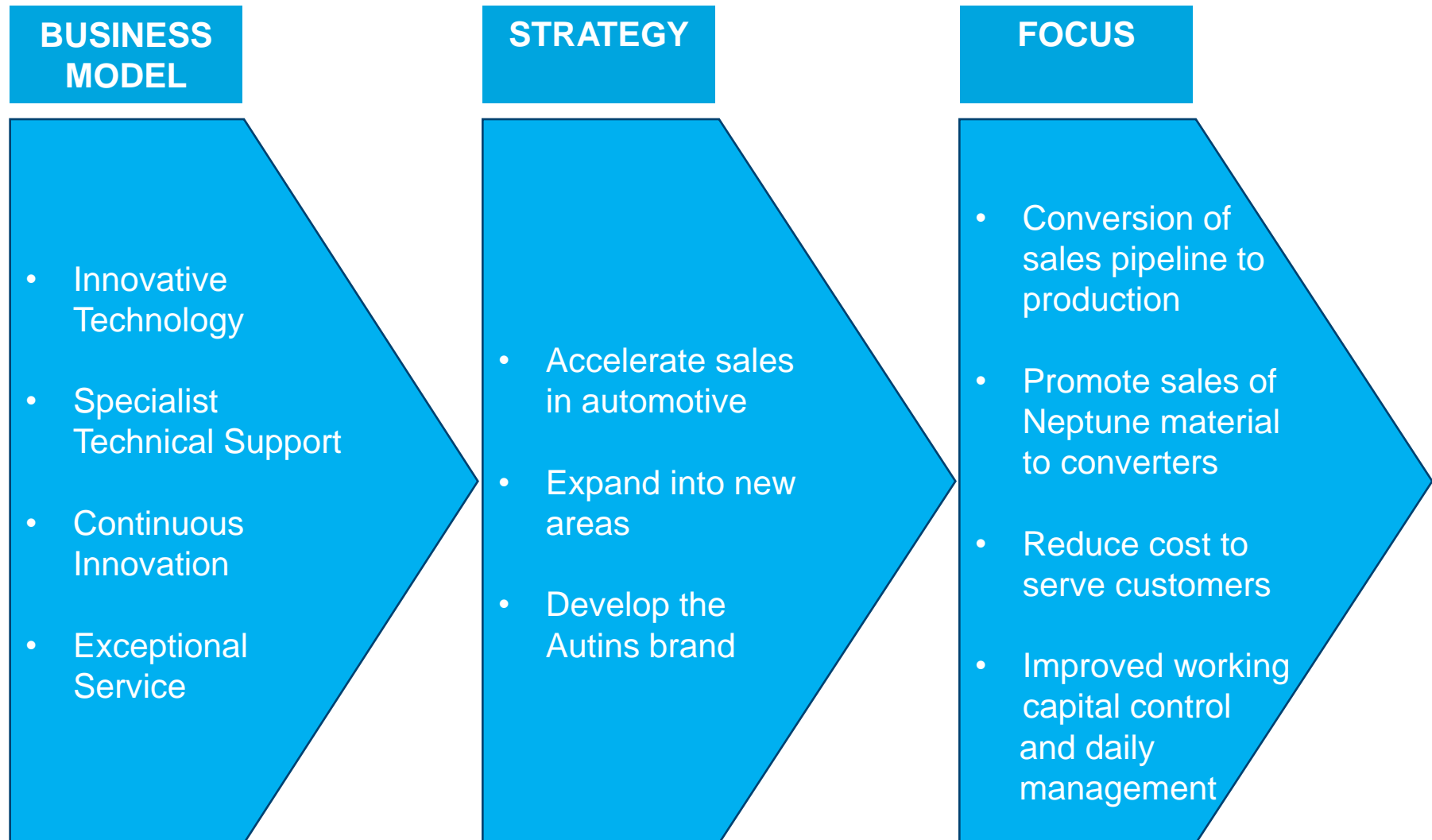
95%
growth in 2
years



Key Drivers for Autins' growth

- Recognised NVH specialist in automotive
- Market leading performance materials
- Established European manufacturing and technical support
- Track record of winning new OEM and Tier 1 customers
- New market growth accelerating

Adding value – expertise and service



Aligned direction and approach

Our Vision

To be the preferred European supplier of acoustic and thermal solutions to our customers in the automotive industry and segments where we can deliver value

Strategy for profitable growth

- Leverage our NVH expertise in automotive to win new customers
- Leverage our Neptune technology and technical expertise to open up new markets
- Build the Autins brand reputation as an NVH solution provider of choice to generate pull through demand

Values and Culture

Teamwork

Accountability

Expertise

Creativity

Agility

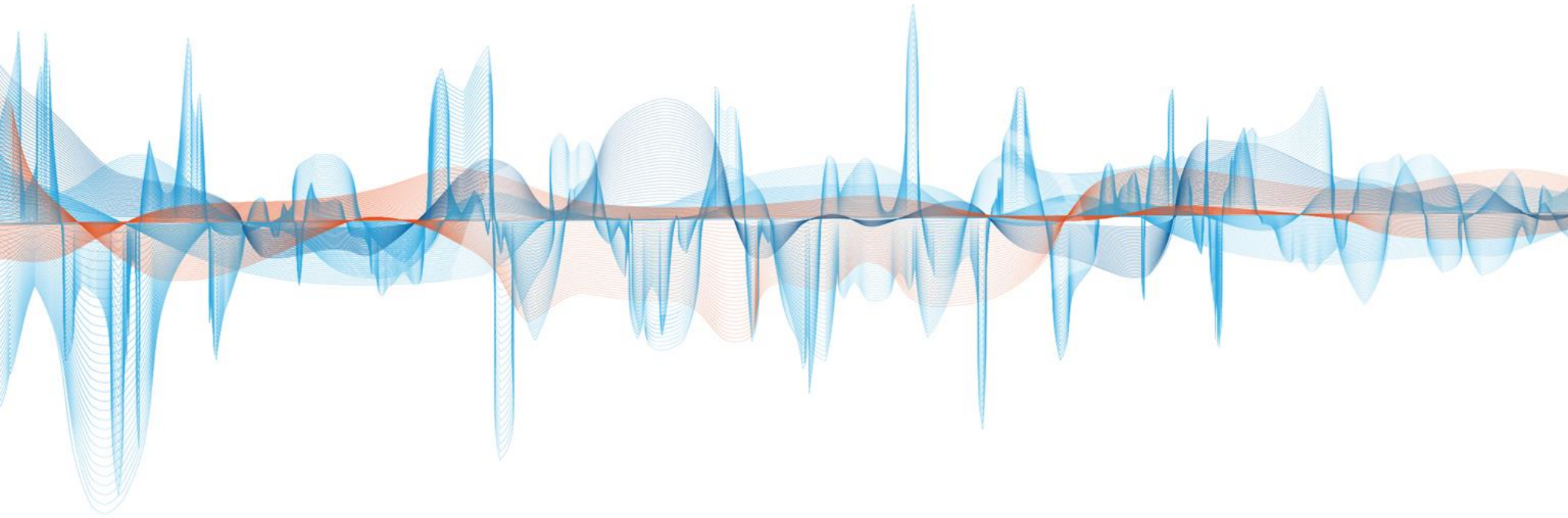
Passion

We have a unique product offering, due to the range of materials, products and processes and a highly responsive technical support service, which is valued by customers

Section

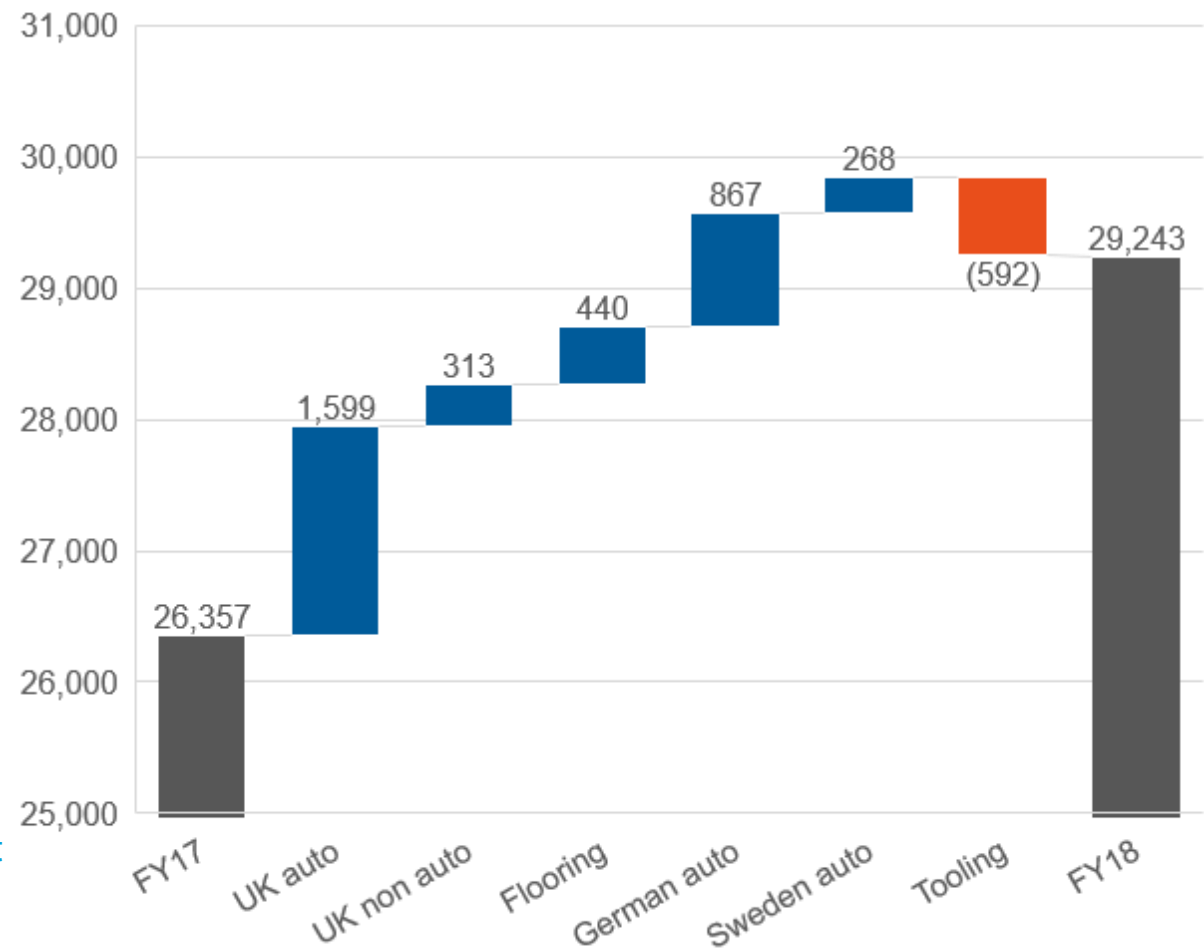
03

Financial Review



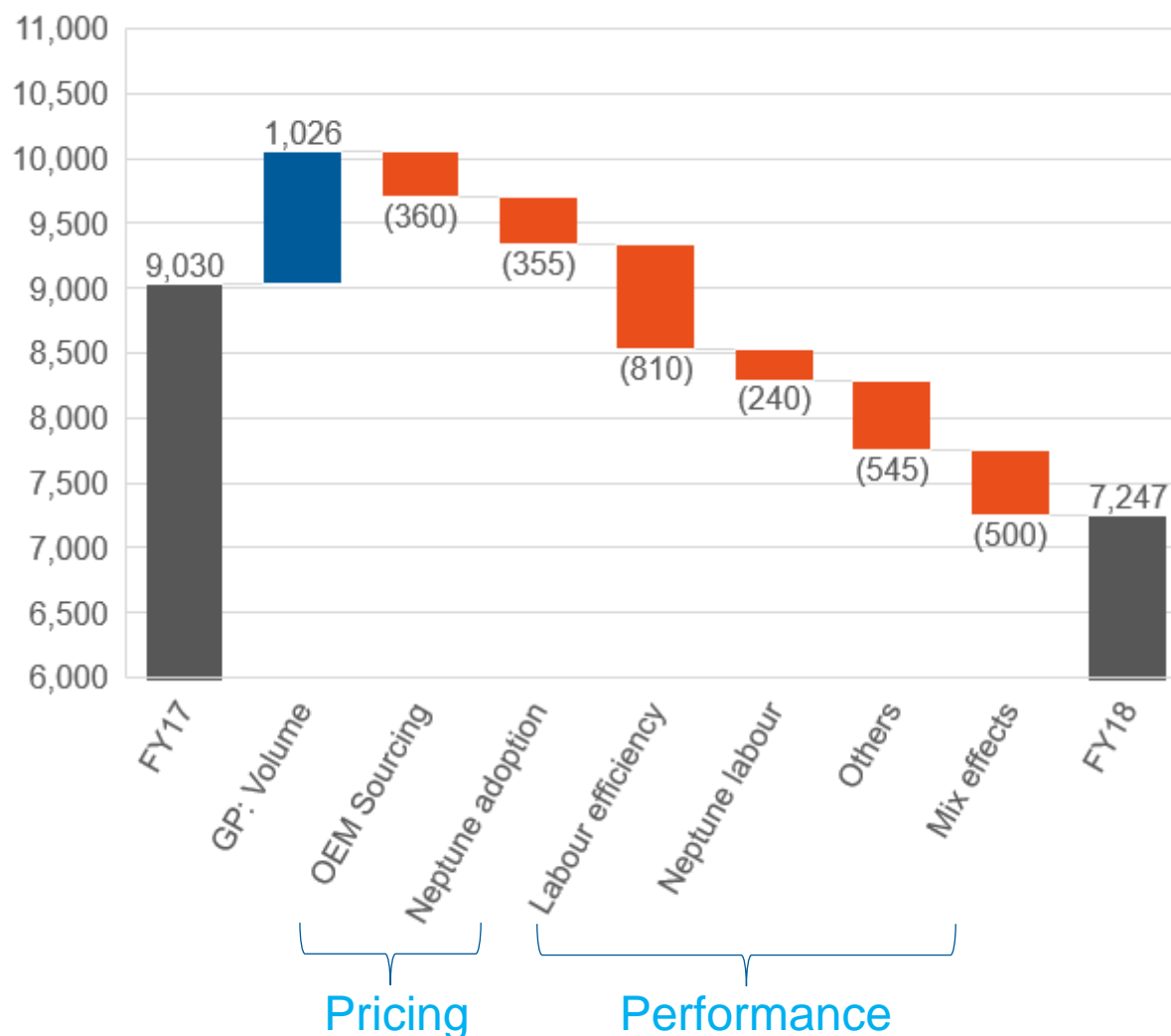
Revenue Bridge

- UK Auto – largest customer sales up £0.8m, new Tier 1 work £0.7m, other OEMs £0.1m
- UK non automotive continues growth with new product performing well – R&D asset to be amortised in FY19
- Flooring growth primarily in Germany with new product launch and new customer secured in year
- German growth materially all related to multi site OEM contract for single part – increased share and no. of delivery locations
- Sweden continues to benefit from Neptune components to Volvo tiers as well as light foam into engine applications
- Tooling reduction higher than expected, with £0.2m stock a result of delayed customers launches.



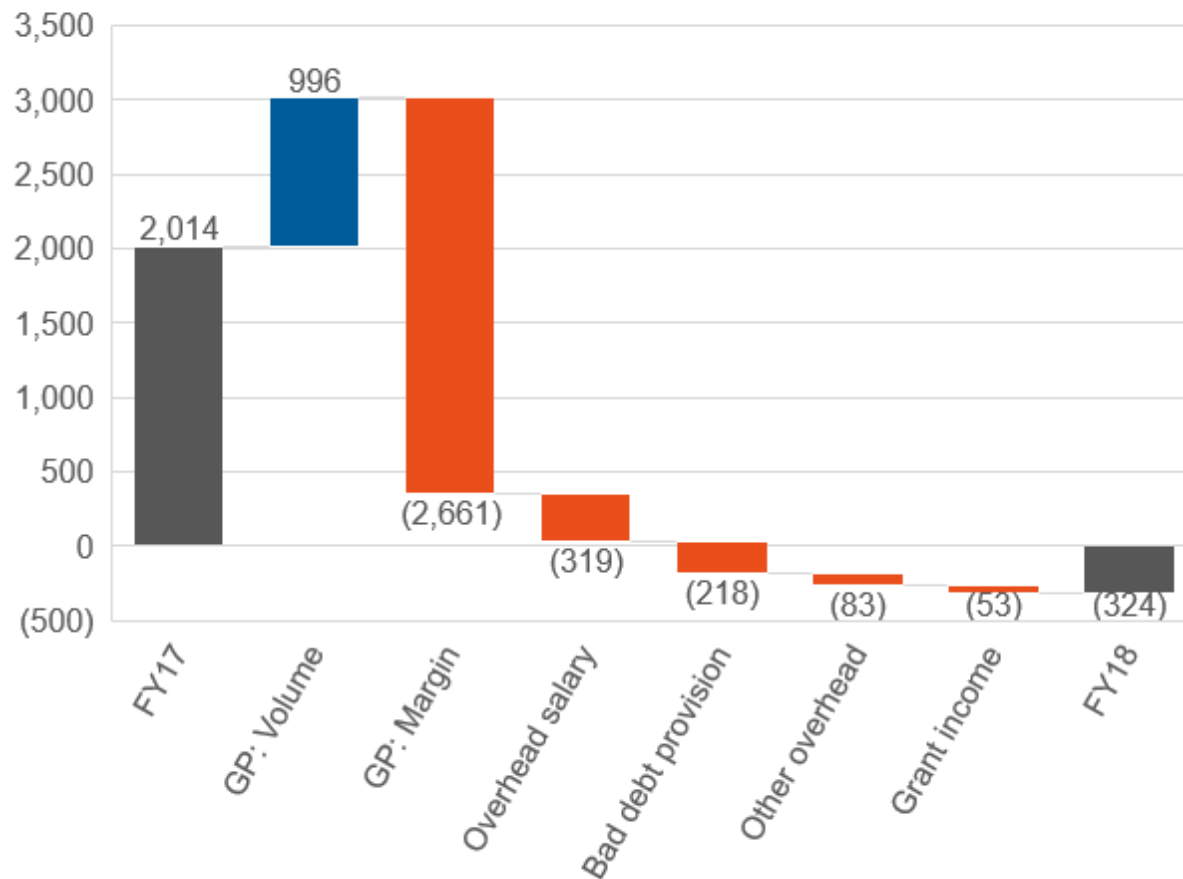
Gross Profit Bridge

- Gross profit volume: represents effect of growth at FY17 margin
- OEM sourcing: support for mature platforms to UK OEM
- Neptune adoption: incentive provided to key Tier to effect running change on current platforms
- Labour efficiency: excess costs vs planned (and FY17) performance levels
- Neptune labour: specialist labour expensed in FY18. Capitalised in FY17 as commissioning plant
- Performance other: costs of variable demand and operational challenges
- Mix effects: relative growth in lower margin parts and platforms



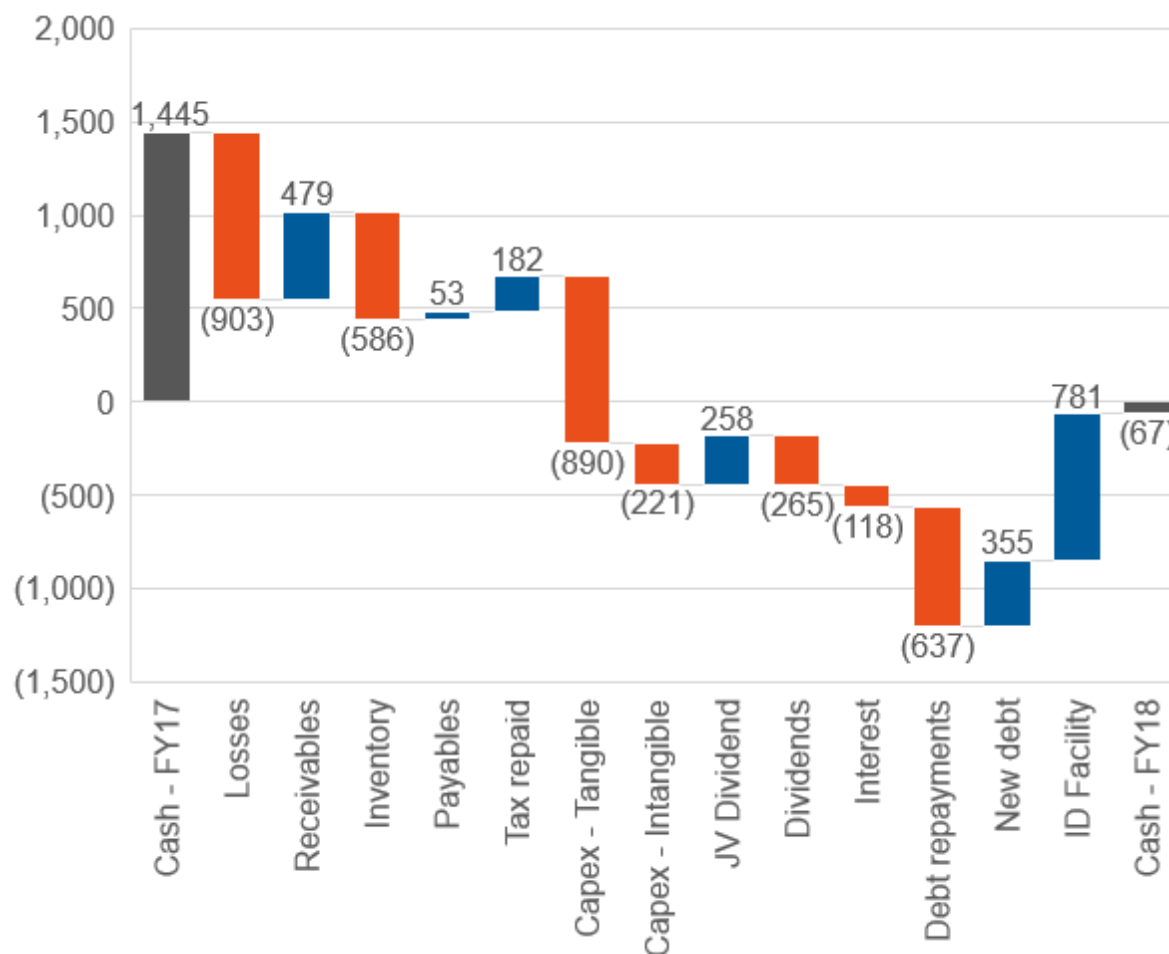
Adjusted EBITDA Bridge

- Gross profit: benefit from volume outweighed by margin reduction
- Overhead salary largely represents growth investment to meet originally forecast higher trading levels and process standardisation
- Bad debt provision related to aged overdues – continuing to pursue, but slow progress
- Grant income in FY17 related to Neptune training



Cashflow bridge

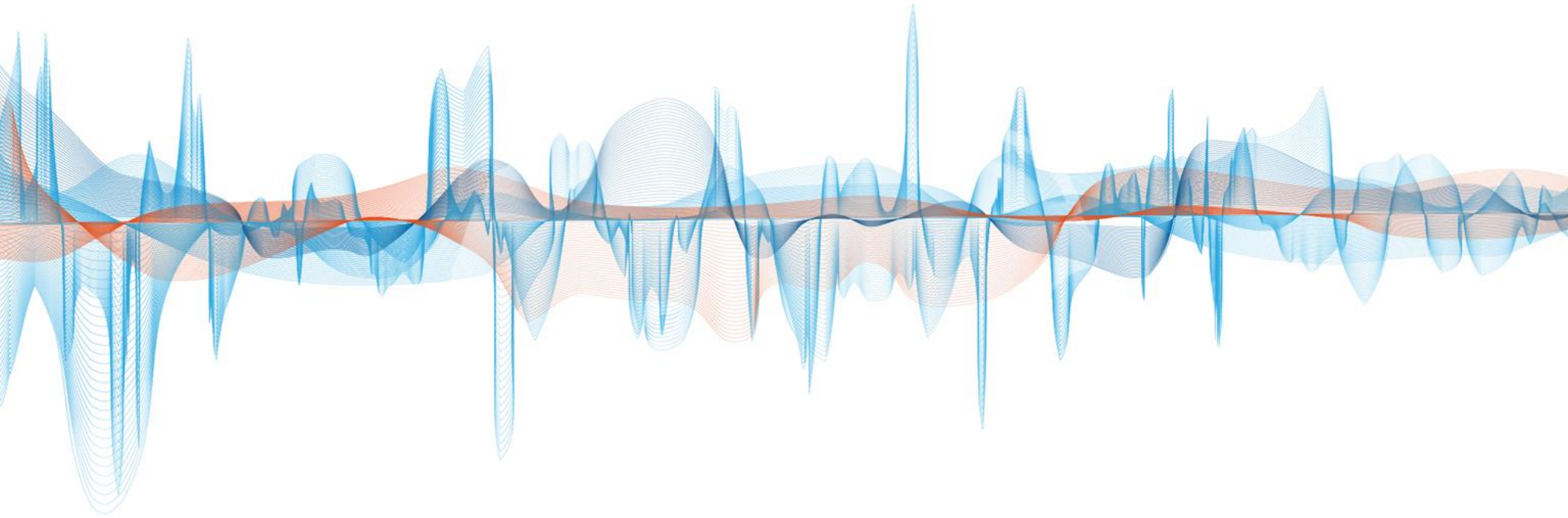
- Losses funded from ID facility with additional drawdowns in the period
- Working capital largely neutral
- Inventory
 - £0.2m additional tooling stock from delayed launches
 - £0.5m higher raw material offset by £0.2m lower finished goods – a function of demand drop in Q4
 - Raw material supply chains not capable of being adjusted in time to suit requirement
- Receivables
 - Net of £0.2m provision, but reflects lower relative activity levels in Q4 year on year
- Tax refund from R&D claims and improved allowance utilisation in UK
- Capex includes further Neptune refinements and growth capacity in the UK and Germany



Section

4

Summary



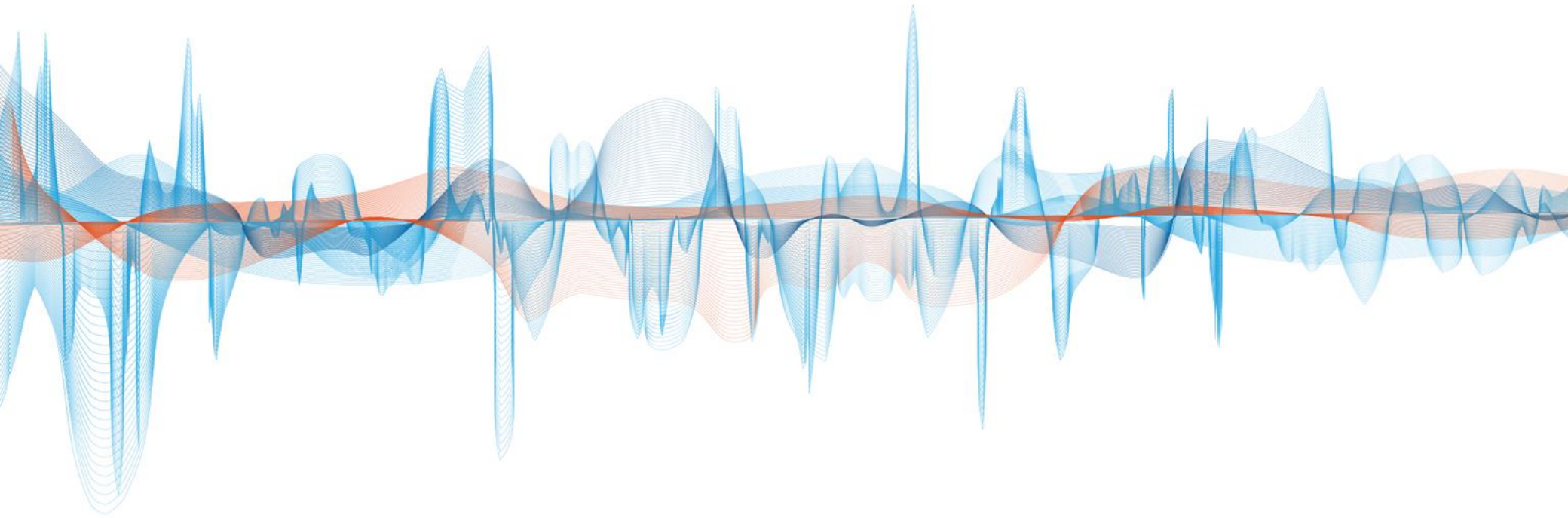
Regaining Momentum

- Large addressable market
- We have a strong and credible value proposition
- European footprint now established and delivering growth
- Neptune is a “best in class” material
- Decisive actions taken to address cost base and profitability
- A team aligned behind a common vision and clear strategy
- Confident that we can deliver consistent profitable growth

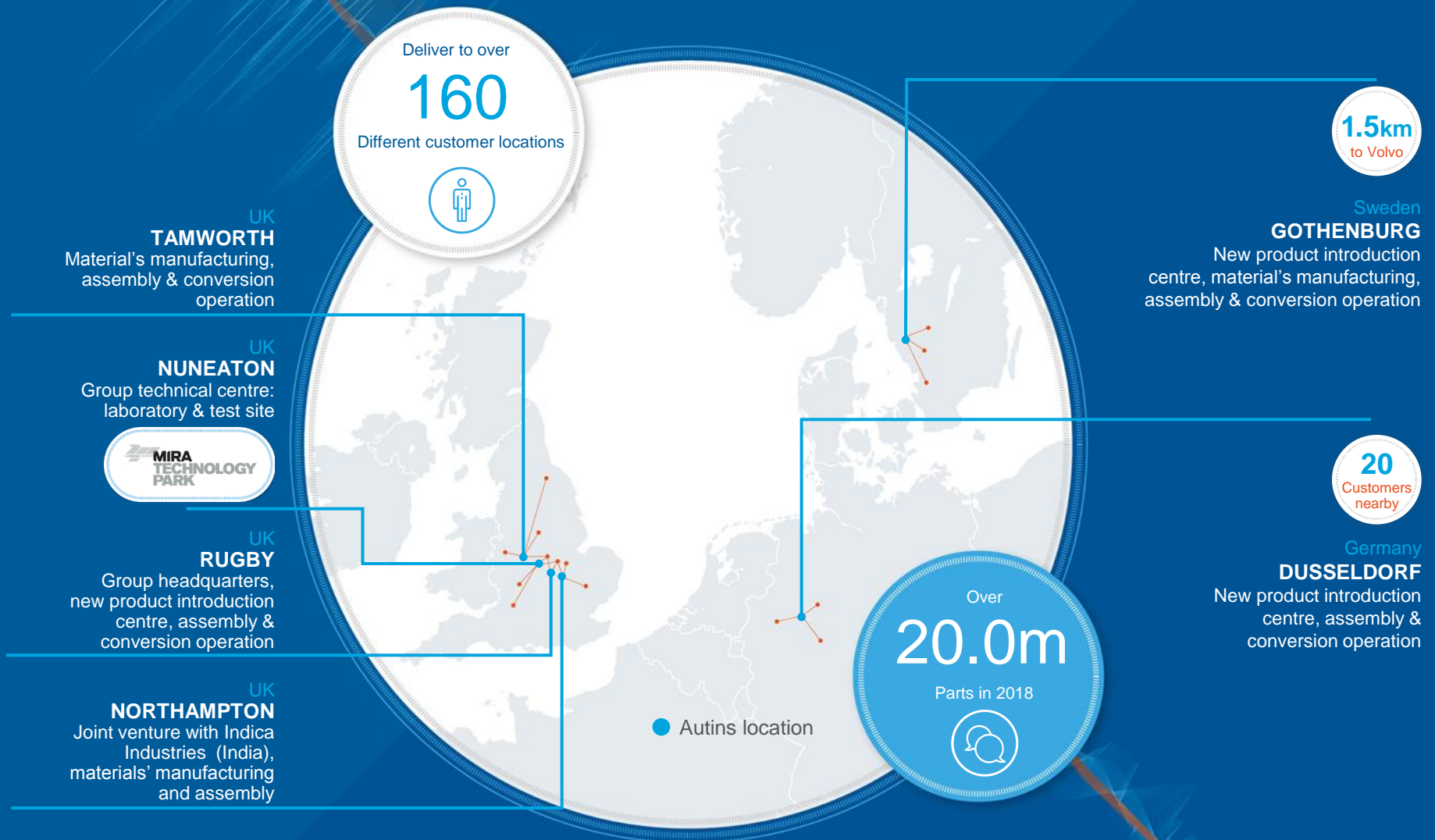
Section

A

Appendix



Our locations are close to our customer base



Consolidated statement of income

	FY18	FY17	FY16
Revenue	29,243	26,357	20,378
Gross Profit	7,247	9,030	6,533
Gross margin %	25%	34%	32%
Exceptional costs	234	550	182
EBITDA	(922)	874	918
(Loss)/profit before taxation	(1,734)	207	186
Taxation	376	196	112
(Loss)/profit after taxation	(1,358)	403	298

Consolidated Balance Sheet

	FY18	FY17	FY16
Total non-current assets	15,624	15,108	12,720
Inventories	2,553	1,967	1,565
Trade and other receivables	6,763	7,378	4,955
Cash and cash equivalents	91	1,625	6,449
Total current assets	9,407	10,970	12,969
Total assets	25,031	26,078	25,689
Trade and other payables	5,910	5,851	6,300
Loans and borrowings	3,713	2,947	994
Corporation tax liability	-	-	-
Total current liabilities	9,623	8,798	7,294
Non current other payables	115	123	-
Loans and borrowings	602	718	2,119
Deferred Tax liability	379	496	559
Total non-current liabilities	1,096	1,337	2,678
Total liabilities	10,719	10,135	9,972
Net Assets	14,312	15,943	15,717

Consolidated Statement of Cash Flows

	FY18	FY17	FY16
Profit after tax	(1,358)	403	298
Depreciation & amortisation	913	765	616
Income taxes	(376)	(196)	(112)
Financing	118	92	558
Other operating items	(200)	(137)	(528)
Change in working capital	(54)	(1,829)	(159)
Operating Cashflow	(957)	(902)	673
Investing activities	(853)	(4,113)	(3,451)
Servicing of finance	(118)	(81)	(324)
Financing	499	510	9,435
Dividends paid	(265)	(177)	(9)
Taxation recovered/(paid)	182	(92)	(173)
Share Repurchase	-	-	(300)
Net Cashflow	(1,512)	(4,855)	5,851