



INTERIMS RESULTS

June 2018



AGENDA

- *Recent events*
- *Financial highlights*
- *Strategy Progress*
- *Outlook*
- *Appendix*



RECENT EVENTS

Change of CEO

- Michael Jennings resignation March 2018
- Update on recruitment process for new CEO

Trading update – 6 June 2018

- Previously expected significant weighting to second half of year
- Reduced customer schedules/projections and gross margin erosion mean H2 will be similar to H1
- Neptune technical approved achieved with all major targeted OEMs across Germany, UK and Sweden

OUR PRODUCTS

Neptune

Lightweight, ultra-micro fibre acoustic absorber

Fleeces

Nonwoven mono-material polyester fleeces with application specific scrims

Heavy Layer

Thermoplastic mass barriers

Light Foam

Low density PUR foam with application specific scrims and heat shields

Foams

Injection moulded PUR open/semi-open/closed cell foams

Multi Layer

Layered barriers and absorbers tuned to specific applications e.g. Ozone

OUR PROCESSES

Materials Manufacturing

Ultra-micro fibre, low density PUR foams

Conversion and Assembly

Cutting, sealing, moulding, welding

Customer Support

Tooling & component, design & testing

OUR LOCATIONS

Tamworth, UK

Materials manufacturing, assembly & conversion operation

Rugby, UK

Group HQ, NPI centre, assembly & conversion operation

Nuneaton, UK

Group technical centre: laboratory & test site

Gothenburg, Sweden

NPI centre, materials manufacturing, assembly & conversion operation

Hilden, Germany

NPI centre, assembly & conversion operation

Northampton, UK

JV with Indica Industries (India), materials manufacturing and assembly

APPLICATIONS – INTERNAL COMBUSTION ENGINE

Bonnet liners Light foam with protective covers

- Lightweight, acoustic performance, low flame response, high temperature

Bumper Heavy layer and PUR

- Significant mass used to reduce vibrations and act as a barrier to noise transmission

Wheel arches Combination product incl. PET or advanced options

- Cost-effective recycled materials, improved acoustic profile

Door blankets Neptune in multiple thicknesses

- High performance 3D acoustic absorption , thermally efficient

Dash mats Multi-layer, advanced options such as Neptune

- Material combinations balancing barrier and absorption requirements

Battery insulation PET wadding, multi-purpose scrims

- High performance specialised coatings, optional barrier films, thermally efficient

Transmission undertray Light foam, covers, optional heat shielding

- Lightweight, acoustic performance, low flame response, high temperature



FINANCIAL HIGHLIGHTS



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	H1 2018	H1 2017	Change	Comment
Revenue	£15.9m	£12.3m	+29%	Non UK share increased to 13.0% (H12017: 9.7%), non automotive up to 7.0% (H1 2017 4.7%)
Gross Profit	£4.3m	£4.2m	+2%	Margin reduced to 26.9% / H1 2017: 34.3%
Adj. EBITDA	£0.6m	£0.55m	+9%	H1 2017 excluded IPO costs, press repairs and change of CEO. No exclusions in H1 2018.
Profit/(loss) after Tax	£0.1m	£(0.2)m		Lower exceptionals plus additional gross profit
Earnings per Share	0.22p	(0.72)p	0.93p	
Net Cash/(Debt)	£(3.6)m	£0.4m	£(4.0)m	Final Neptune payment, capacity capex and working capital for growth
Interim Dividend	0.4p	0.4p	-	

- Strong growth with diversification strategy starting to take effect.
- Margins impacted by changes in customer scheduling and product mix variation plus short term pricing pressure including Neptune adoption
- Cash invested in growth capacity, Neptune and working capital

29% top line growth

**Building
momentum**

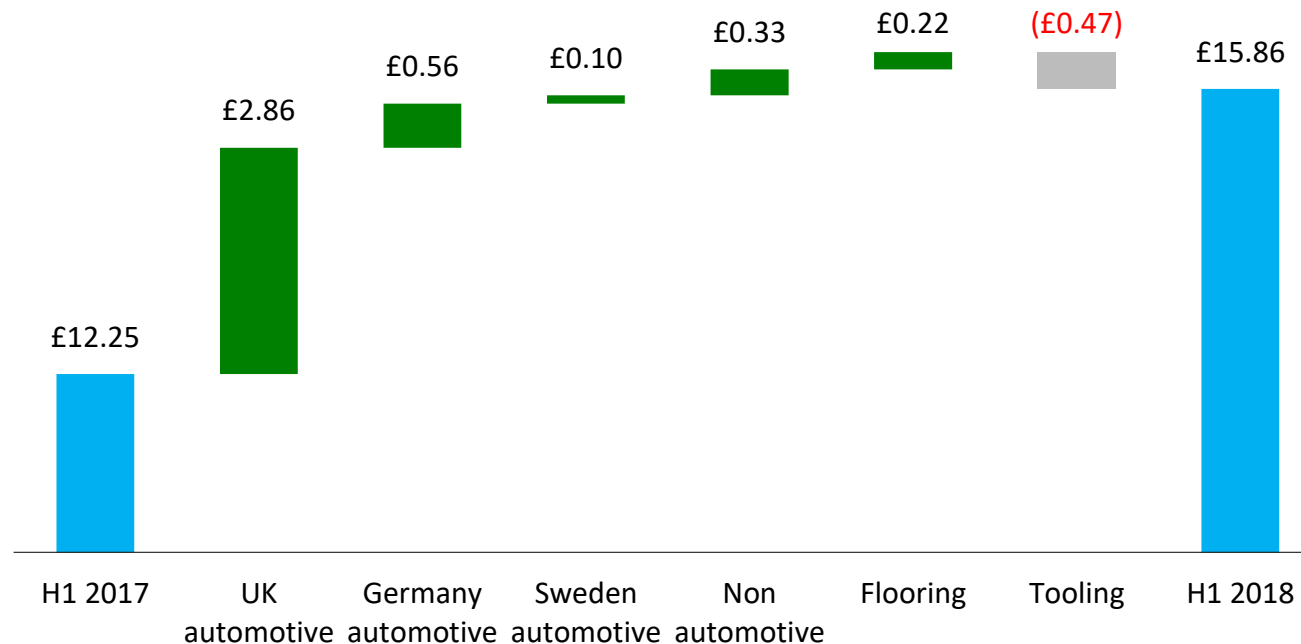
REVENUE BRIDGE

UK Growth

- Growth consistent with historical OEM share, but also penetration of tiers and new customers
- Tooling: lower as expected. Full year to be in line with FY17
- Non automotive: end customer growth, working on new US variant

Overseas growth

- Germany: significantly higher at £0.95m with new OEM contract. Investment in capacity and personnel to support and extend.
- Sweden: Growth with Volvo via tiers of Neptune components
- Flooring: range extension and new customers secured



GROSS PROFIT

Volume effect

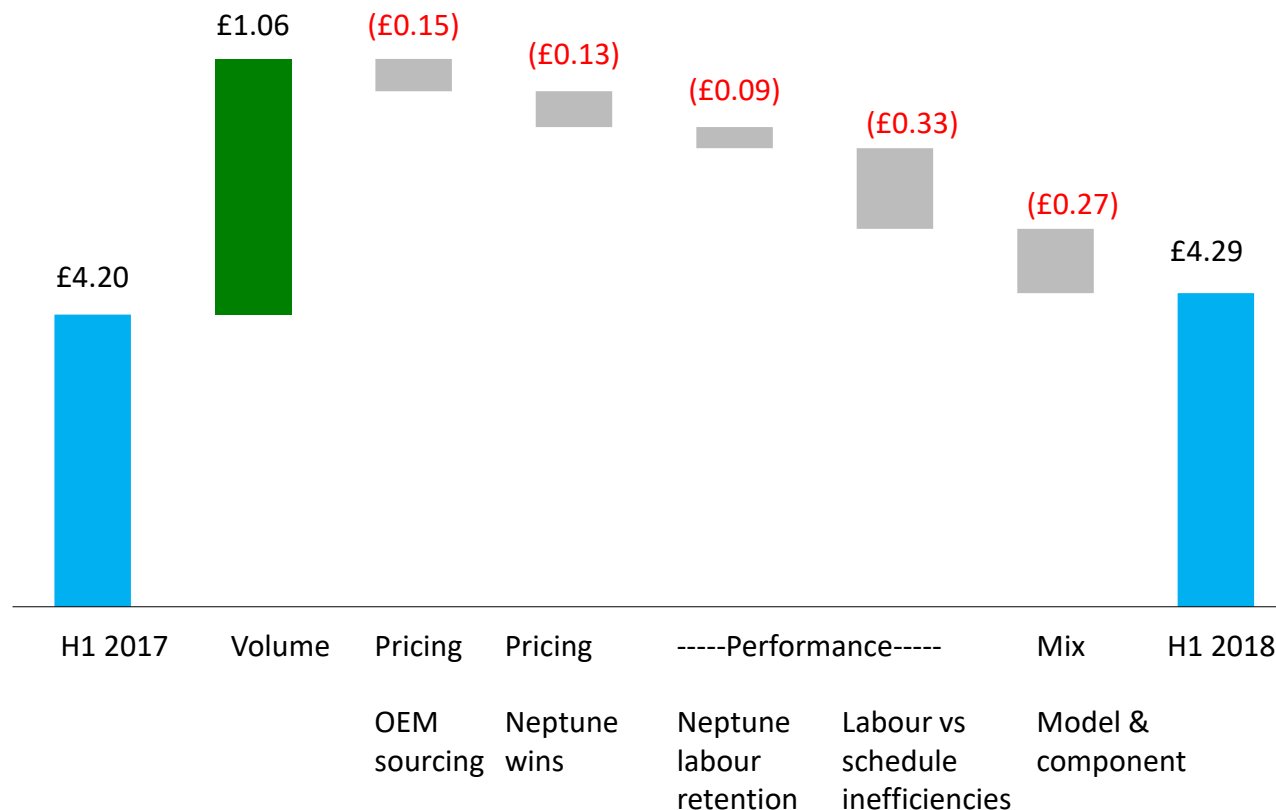
- Top-line component growth partly offset by reduced tooling (at similar margin)

Pricing impacts

- OEM strategic pricing on run out platforms
- Key tier pricing to accelerate Neptune adoption

Performance and mix

- Neptune technicians now cost of sale after commissioning
- Productivity & labour inefficiencies with variability of customer scheduling
- OEM call off variation away from higher margin platforms



EBITDA BRIDGE

Gross Profit

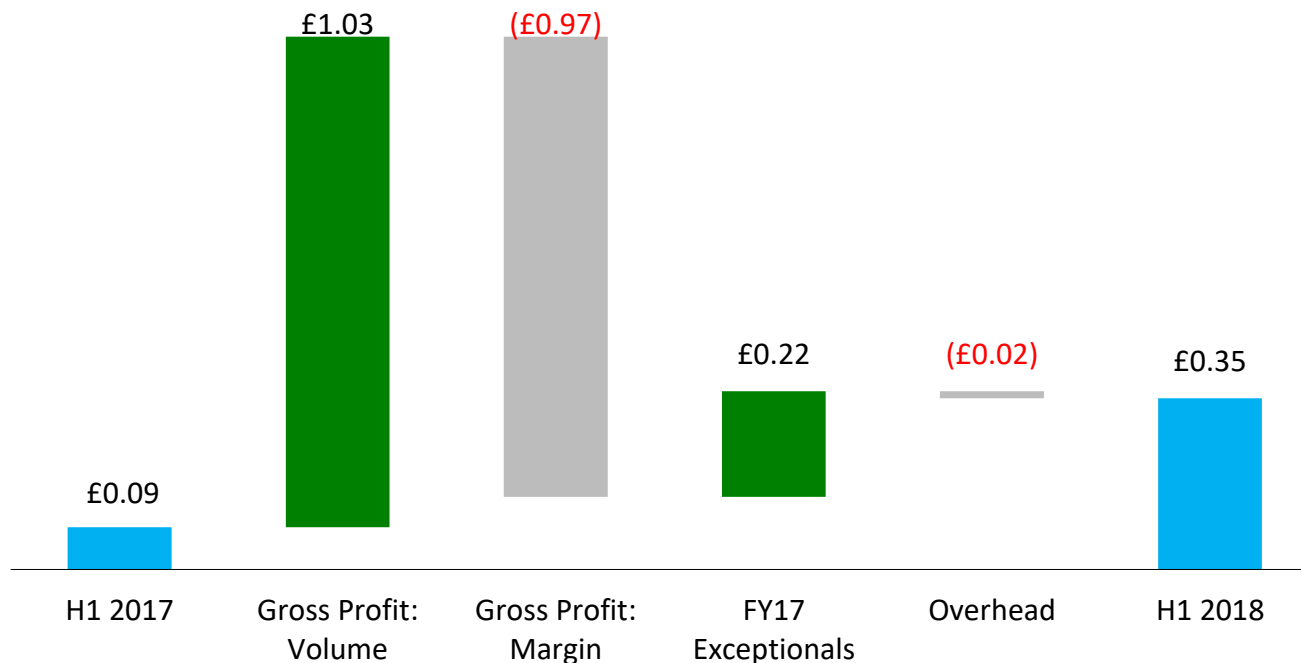
- Top-line growth at a reduced margin gave only a small profit uplift

Exceptional

- H1 2017 included costs for change of CEO, late IPO costs and rebanking costs
- No exceptional in H1 2018

Others

- Overhead and other costs held after previous years investment for growth.



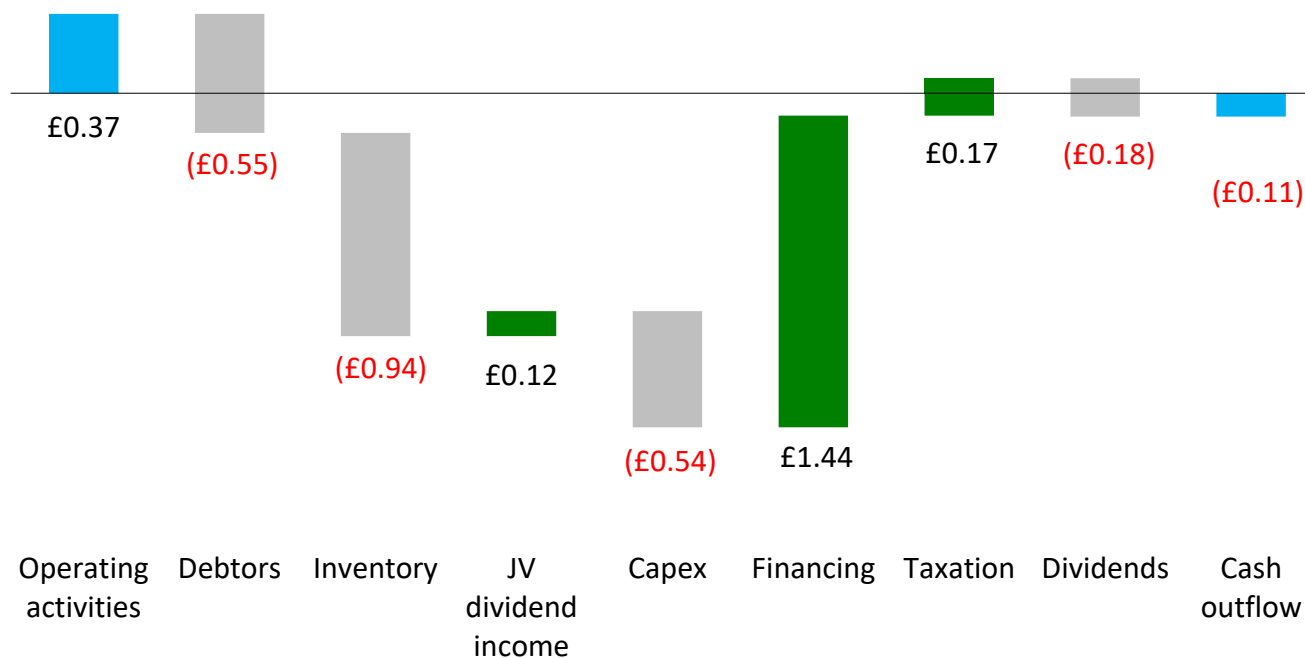
CASHFLOW

Working capital

- Inventory £0.6m higher with a further £0.35m tooling stock – expected to convert to sales in H2
- Creditors unchanged

Other cash items

- Capex includes £0.1m intangibles & £0.4m capacity related plant (non Neptune)
- JV continues to distribute 50% of profits
- Working capital funded via invoice financing facilities



STRATEGY PROGRESS



BUSINESS MODEL



STRATEGY

Strategic Market Drivers

- ▶ Large target addressable market
 - common drivers across OEMs
- ▶ Premium vehicle growth especially SUVs
 - changing NVH needs, lighter materials
- ▶ Regulatory: emissions, VOC, engines
 - changing NVH needs, lighter materials
- ▶ Electric vehicle growth
 - changing NVH, thermal, lighter materials
- ▶ New interior demands, technologies, materials
 - multi-layer, thickness, weight, function

Strategic Intent

Market Led

- ▶ Growth agenda built on best-in-class differentiated products
- ▶ Specialist applications and materials, research & product development
- ▶ Broader market and customer coverage

Operational Excellence

- ▶ Competitive advantage built around advanced manufacturing & SCM
- ▶ Vertically integrated, mixed model assembly, product introduction centres
- ▶ Better position and operational footprint

Performance Driven

- ▶ Customer focused capabilities harnessing experience & expertise
- ▶ Group-wide business processes with one face to market
- ▶ One company in everything we do

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Strategic Progress 2018 H1

- ▶ New European OEM wins
- ▶ New wins T1s: across a dozen different companies
- ▶ Neptune approval in Germany, Sweden, UK
- ▶ MIRA test centre plus R&PD projects on track
- ▶ Market share gains at existing key accounts
- ▶ Multiple T1 collaborations: working & winning
- ▶ Multi-site capability & capacity planning
- ▶ Indica Automotive JV performing well
- ▶ Strengthened core leadership and management
- ▶ Recruited & invested to develop wider key staff
- ▶ Group shared services, key account management
- ▶ One company branding introduced

OUTLOOK



OUTLOOK

Our view ahead

- Challenging year resulting in H2 now expected to be similar to H1
- Gaining market share versus significantly lower volumes than planned
- Winning new business (esp Neptune) versus short-term requirements to flex of resources
- Developing operational capability versus margin pressure (volume, price, mix)
- Financial performance constrained by volumes and margin erosion limiting current profit leverage

Our view beyond

- Accelerate operational excellence – Autins Operating System – to strengthen/control margins
- Continue Neptune progress in winning new business and building significant pipeline of open quotes
- Build Neptune pipeline to penetrate major European OEMs
- Become NVH partner with key Tier 1s to ensure multiple points of access
- Continue research & product development across 3 Horizons

Detailed plans in place

**Being
Implemented**

APPENDIX

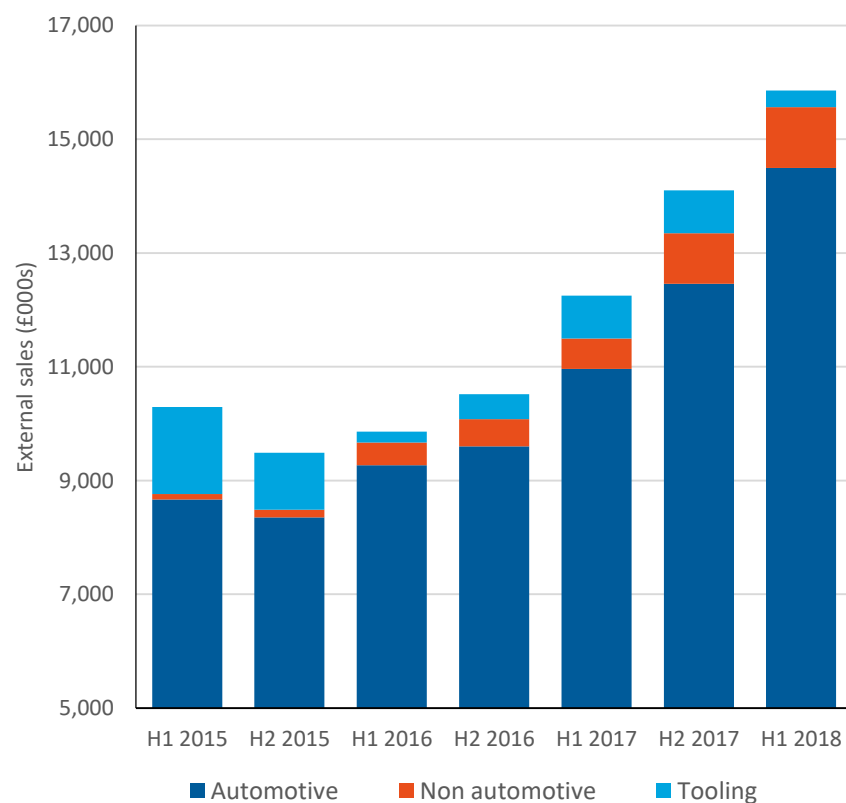
- ***Financials:***

- Consolidated statement of Income, Financial Position, Cash Flows

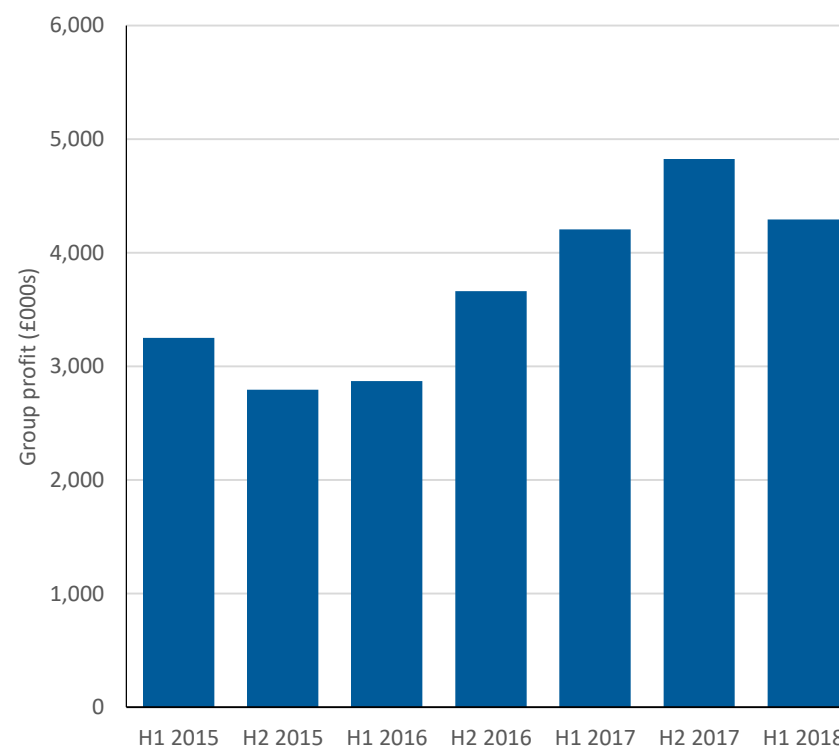


PROGRESSION – LAST 3 YEARS

Group sales



Group gross profit



CONSOLIDATED STATEMENT OF INCOME

	H1 2018	H1 2017	FY2017
	£000s	£000s	£000s
Revenue	15,855	12,253	26,357
Gross Profit	4,292	4,205	9,030
<i>Gross Margin %</i>	<i>27%</i>	<i>34%</i>	<i>34%</i>
<i>Exceptional costs</i>	<i>-</i>	<i>222</i>	<i>550</i>
EBITDA	355	89	874
Profit Before Taxation	54	(220)	207
Taxation	(5)	61	196
Profit After Taxation	49	(159)	403

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	H1 2018	H1 2017	FY2017
Total non-current assets	15,115	13,412	15,108
Inventories	2,535	1,596	1,967
Trade and other receivables	8,087	7,368	7,378
Cash and cash equivalents	1,515	2,081	1,625
Total current assets	12,137	11,045	10,970
Total assets	27,252	24,457	26,078
Trade and other payables	5,879	6,775	5,851
Loans and borrowings	4,679	628	2,947
Corporation tax liability	-	-	-
Total current liabilities	10,558	7,403	8,798
Loans and borrowings	419	1,013	718
Deferred tax liability	474	482	496
Total non-current liabilities	893	1,495	1,337
Total liabilities	11,451	8,898	10,135
Net Assets	15,801	15,559	15,943

CONSOLIDATED STATEMENT OF CASH FLOWS

	H1 2018	H1 2017	FY2017
Profit after tax	49	159	403
Depreciation & amortisation	420	368	765
Income taxes	5	(61)	(196)
Financing	35	53	92
Other operating items	(143)	(112)	(137)
Change in working capital	(1,486)	(1,372)	(1,829)
Operating Cashflow	(1,120)	(1,283)	(902)
Investing activities	(421)	(1,437)	(4,113)
Servicing of finance	(35)	(40)	(81)
Financing	1,472	(1,487)	510
Dividends paid	(177)	-	(177)
Taxation recovered/(paid)	173	(123)	(92)
Net Cashflow	(108)	(4,370)	(4,855)

APPLICATIONS - EV

Bonnet liners Light foam product with protective covers

- Lightweight, superior acoustic performance , ideally suited for EVs

Wheel arches Combination product incl. PET or advanced options

- Improved acoustic profile to block out prominent road noise in EVs

Dash mats Multi-layer, advanced options such as Neptune

- Material combinations balancing barrier and absorption requirements

Door blankets Neptune product in multiple thicknesses

- High performance 3D absorption in key frequency range, thermally efficient

Pillars Neptune product in multiple thicknesses

- High performance 3D absorption of road/wind noise and thermally efficient

Encapsulation Multi-layer, advanced options such as Neptune

- Material combinations, isolate electric motors, gearbox, pumps, HVAC noise

Battery insulation PET wadding, multi-purpose scrims, advanced options

- Optimising range efficiency by reducing thermal effects on the battery

