

# The 600 Group PLC

**Presentation to Shareholders  
Annual General Meeting  
29<sup>th</sup> September 2010**



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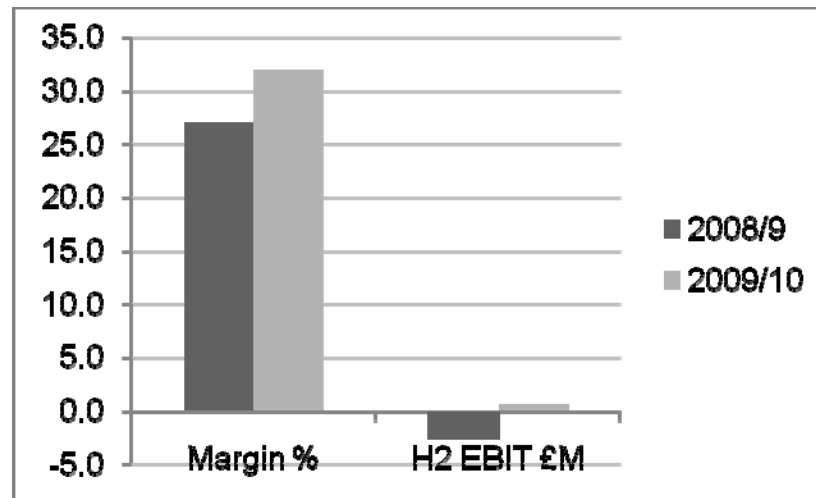
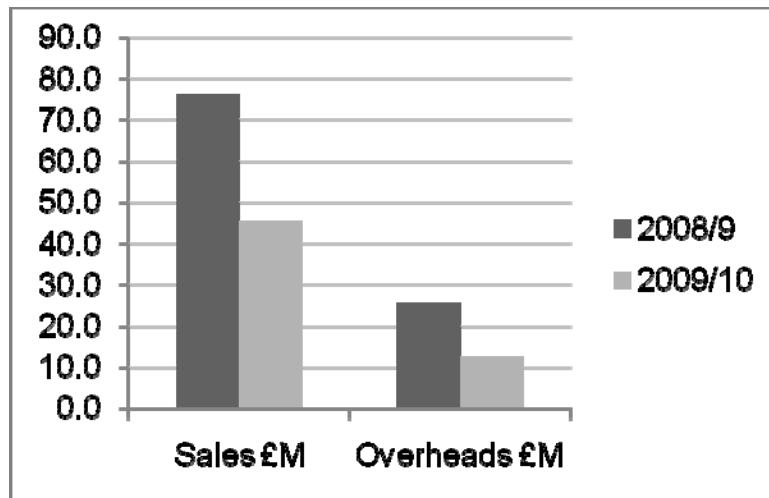
# 2009/10 Key Issues

- **Legacy Issues**
  - Most of these have been dealt with or are in process
- **Supply Chain (Machine Tools)**
  - A permanent solution is achievable this year
- **Market conditions**
  - A slow recovery is underway
- **Availability of Finance**
  - The Group has refinanced in the UK and US including an investor loan
- **Restructuring**
  - This phase of the turnaround plan is nearly complete



# Financial Highlights 2009/10

- H2 underlying operating profit £.6M (2009: -£2.5M)
- Sales reduction £76M to £45M
  - Machine tool market down 54% (US) and 44% (Europe)
  - Discontinuation of low margin activities
- Margin increase from 27% to 32%
- H2 overheads to H1 prior year showing a reduction of £13.1M

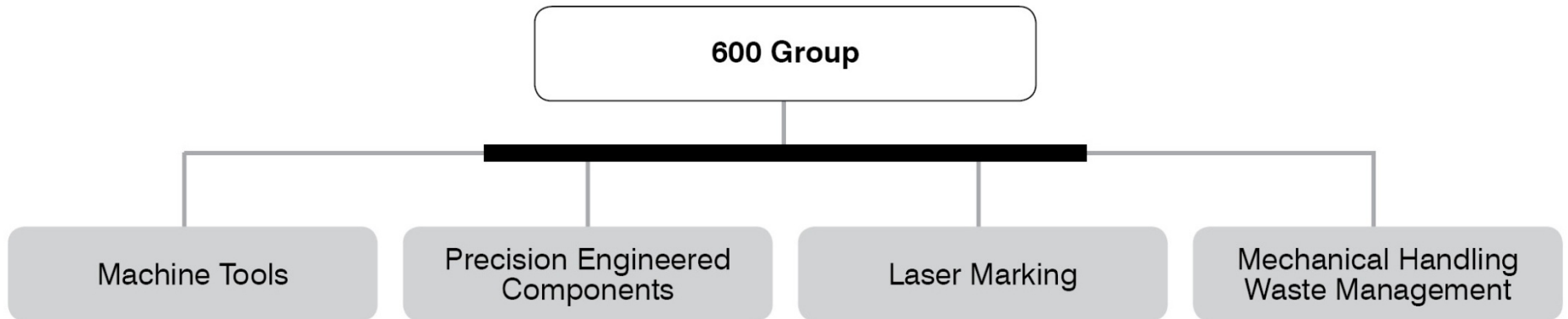


# 2010/11 Key Tasks

- **Repair revenue streams**
  - Improve order fulfilment
- **Supply Chain**
  - Rebuild confidence with key suppliers
- **Machine Tools Business Model**
  - Development of manufacturing footprint
  - CEE co-operation
  - Manufacturing operation to service the group sales organisation
  - Focus on group brands



# Structure of the Group



# Prospects by Division

- **Machine Tools**

- Positive forecast for 2011 from Oxford Economics
- Change to the business model



- **Precision Engineered Components**

- Margin improvement with in-sourcing
- Web based spares ordering in US now live



- **Laser Marking**

- Strong order book
- Pipeline of development projects
- High speed marking



- **Mechanical & Waste Handling**

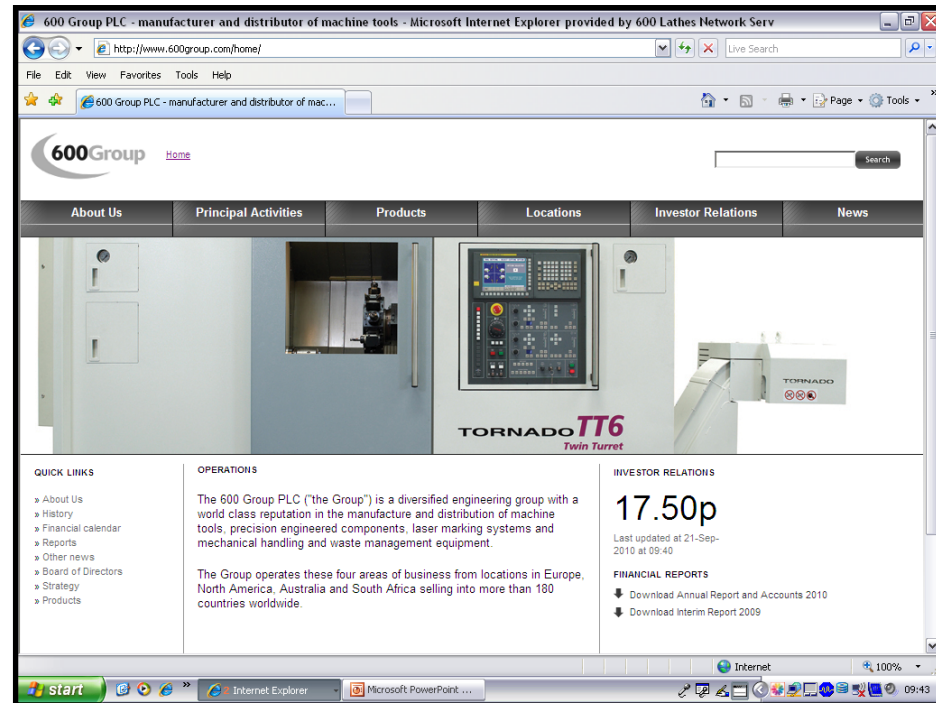
- Positive forecast from IMF for South Africa
- Eskom contract





# New Website & Annual Report

The 600 Group PLC annual report and accounts 2010





# Diversified Engineering Group

The 600 Group PLC ("the Group") is a diversified engineering group with a world class reputation in the manufacture and distribution of machine tools, precision engineered components, laser marking systems and mechanical handling and waste management equipment.

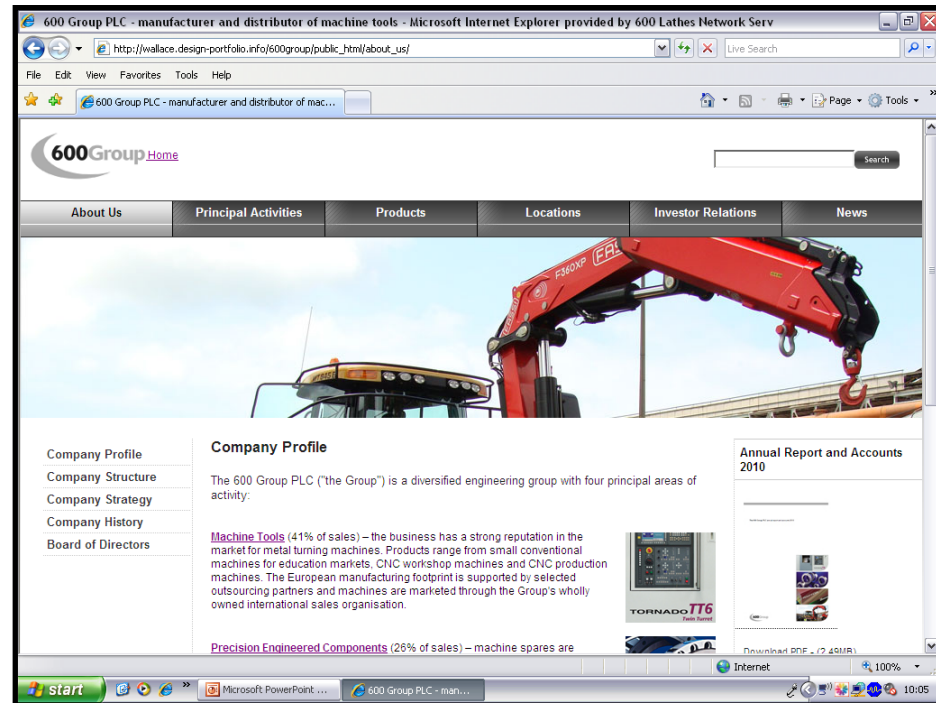
The Group operates these four areas of business from locations in Europe, North America, Australia and South Africa selling into more than 180 countries worldwide.



#### VISIT US ONLINE

This report and more information on our products and services are available on our website [www.600group.com](http://www.600group.com)

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# Four Divisions

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As working capital continued to reduce during the year, particularly with regard to inventory, it became more difficult to generate internally the cash required to absorb the wider operating losses and ongoing working capital costs, whilst also responding to working capital demands as markets began to recover.

The Group remains relatively underleveraged in relation to its underlying assets. Nevertheless, to move forward, the Board believes that additional finance should be raised over and above our normal banking facilities. Hadden Partners LLP which acquired a 38.19% stake in the Group in March 2010, and certain other lenders are prepared to advance £2.5m to the Group, which will also involve the issue of 12,500,000 warrants at an exercise price of 30p. Details of the transaction, which requires shareholder approval at a forthcoming General Meeting, have been announced and the full circular is being posted to shareholders. The availability of increased finance will enable us to fund the growth of the business as markets recover, complete the final stages of the turnaround and develop our manufacturing footprint in Europe.

**THE GROUP**  
The Group is now positioned as a diversified engineering Group with four principal areas of activity. Our website and website communications to both customers and shareholders will reinforce this message. The four areas and their related percentage of Group revenues are:

**MACHINE TOOLS (41%)**

- Focused on development of Group brands, including Colchester-Hartson, Part/Borned International (PBI), Cayrol Collets and Gimet Design.
- Oxford Economics Group forecast predicts significant upturn in 2011.
- The Group holds strong position in conventional and workshop CNC machines.

**PRECISION ENGINEERED COMPONENTS (26%)**

- High precision bearings and anti-locking equipment.
- Spares sales generated from an installed base of 300,000 machines.

**LASER MARKING (15%)**

- Proprietary technology and software.
- Diversity of customers from pharmaceuticals to telecommunications.
- High growth market – increased requirement for traceability of products and components.

**MECHANICAL HANDLING AND WASTE MANAGEMENT (18%)**

- Positive forecasts from the International Monetary Fund for South Africa.
- Increased spending on infrastructure by municipalities.
- Electrification of areas previously without power.

**TURNAROUND**  
The vast majority of the restructuring is now complete. In the last 18 months, the Group has reduced the number of its locations from 29 to twelve and many legacy issues have been resolved. Reporting entities have also been reduced in the same period. The managers of these businesses have shown good leadership, driving through the necessary changes and associated transition projects.

**SUPPLY CHAIN**  
During the year, our Machine Tools division completed the change from a dependence on outsourcing in China to other power sources in Asia. Full supply became available in the summer and we have been able to commence the rebuilding of customer confidence with regard to machine quality. Warranty costs in the year have been minimal. However, given the new economic landscape, we are unable to ignore the costs of financing Asian supply chains, for Europe in particular, when cash is a scarce resource. This issue, combined with some exchange rate volatility in relation to Asian and European currencies, has persuaded us to further diversify our current arrangements.

Over the last 18 months, we have had meetings with potential manufacturing partners in Central and Eastern Europe (CEE). We believe that certain CEE based manufacturing businesses are logistically very well positioned, given EU membership, and possess the necessary operational capabilities. Our aim is to work with a manufacturing partner in CEE to combine production with the manufacture of certain critical components in the UK to give a manufacturing footprint located in the same geography as our European customers. We are particularly looking for a partner who will accept a degree of management control with the further prospect of the Group acquiring a subsequent financial interest.

The Machine Tools division will continue to move towards a business model based on this European manufacturing footprint, supported by Asian outsourcing partners, which delivers product under our own brands to customers via our international sales organisation.

**PRECISION ENGINEERED COMPONENTS**  
Supplying precision engineered components to machine builders and other OEMs.



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**Investor Information**

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- Financial Calendar
- Advisers

**Investor Relations**

Welcome to the investor relations section of the 600 Group website, where you will find key financial and investor data. This section plays a key role in our investor relations activities.

The 600 Group PLC ("the Group") is a diversified engineering group with four principal areas of activity:

**Machine Tools (41% of sales)** - the business has a strong reputation in the market for metal turning machines. Products range from small conventional machines for education markets, CNC workshop machines and CNC production machines. The European manufacturing footprint is supported by selected outsourcing partners and machines are marketed through the Group's wholly owned international sales organisation.

**Annual Report and Accounts 2010**

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# Positioned for Growth

The 600 Group PLC annual report and accounts 2010

## Strategy

The Group's strategy is to organically develop each of the four business areas, building on the viable operating platform established as a result of the Group's recent reorganisation. The Group also intends to strengthen its existing manufacturing base through investment in further capacity, providing for increased flexibility, improved quality, reduced lead times and cost.



600 North America Distributors  
At high standards of quality and cost-effective machine tool products throughout the region. In addition to precision engineered components and laser spares.

**>> stable operating platform**

### MACHINE TOOLS (41% OF SALES)

The business has a strong reputation in the market for metal turning machines. Products range from small conventional machines for education markets, CNC workshop machines and CNC production machines. The European manufacturing footprint is supported by selected outsourcing partners and machines are marketed through the Group's wholly owned international sales organisation.


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### Products

Machine Tools	Precision Engineered Components	Laser Marking	Mechanical Handling and waste Management
Colchester-Harrison Centre Lathes Manual/CNC combination lathes CNC Production Lathes Vertical Machining Centres	Pratt Burnerd Workholding Chucks  Gamet Bearings Taper Roller Bearings  Machine Tool Spares	Electrox Laser Marking machines Laser Marking Workstations Laser Marking Spares	600 South Africa Chassis Mounted Cranes Aerial Platforms Cleaning and Waste Handling

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