
Preliminary results presentation for the year ended 30 March 2013

“...from turnaround towards growth....”

26 June 2013



Overview

Key strengths

- **Leading brands**
- **World class customers**
- **Global reach**
- **Supportive shareholders**

- Nigel Rogers (CEO)

FY13 – from turnaround to stability

- **Challenges, actions & outcomes**
- **Financial highlights & results**

*- Nigel Rogers (CEO)
& Neil Carrick (Group FD)*

Towards growth

- **Outlook & future strategy**

- Nigel Rogers (CEO)

Key business strengths

– Leading global Machine Tool brands



- | | |
|--|---|
| <ul style="list-style-type: none">• Recognised worldwide brands - over 100 years heritage• >100,000 lathes in operation worldwide - most recognised training and toolroom brands• Direct sales in North America, Europe and Australia with distribution in >50 countries | <ul style="list-style-type: none">• Over 100 years of trading in North America• Large machine tool range• >400 distributors throughout North America |
|--|---|



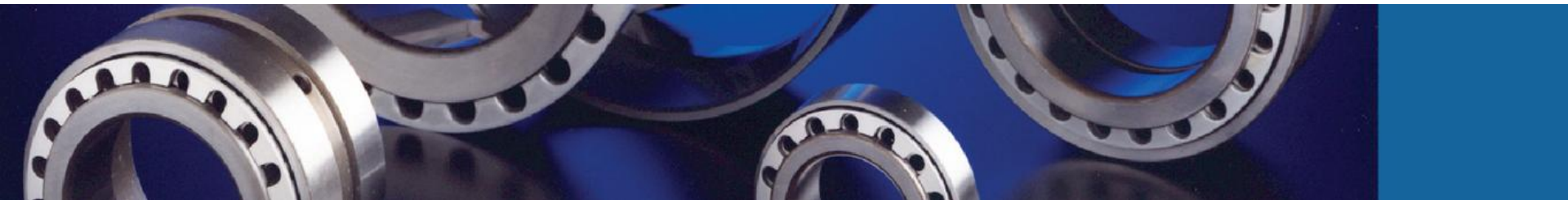
Key business strengths

– Leading global Engineered Component brands



- Over 150 years heritage for Manual and Power chucks – set industry standard
- Special work-holding solutions expertise
- Used by leading OEM's worldwide

- Number one supplier for turning and grinding machine bearings
- Over 50 years of bearing manufacture
- Used by leading OEM's worldwide



Key business strengths

- Leading global Laser Marking brand

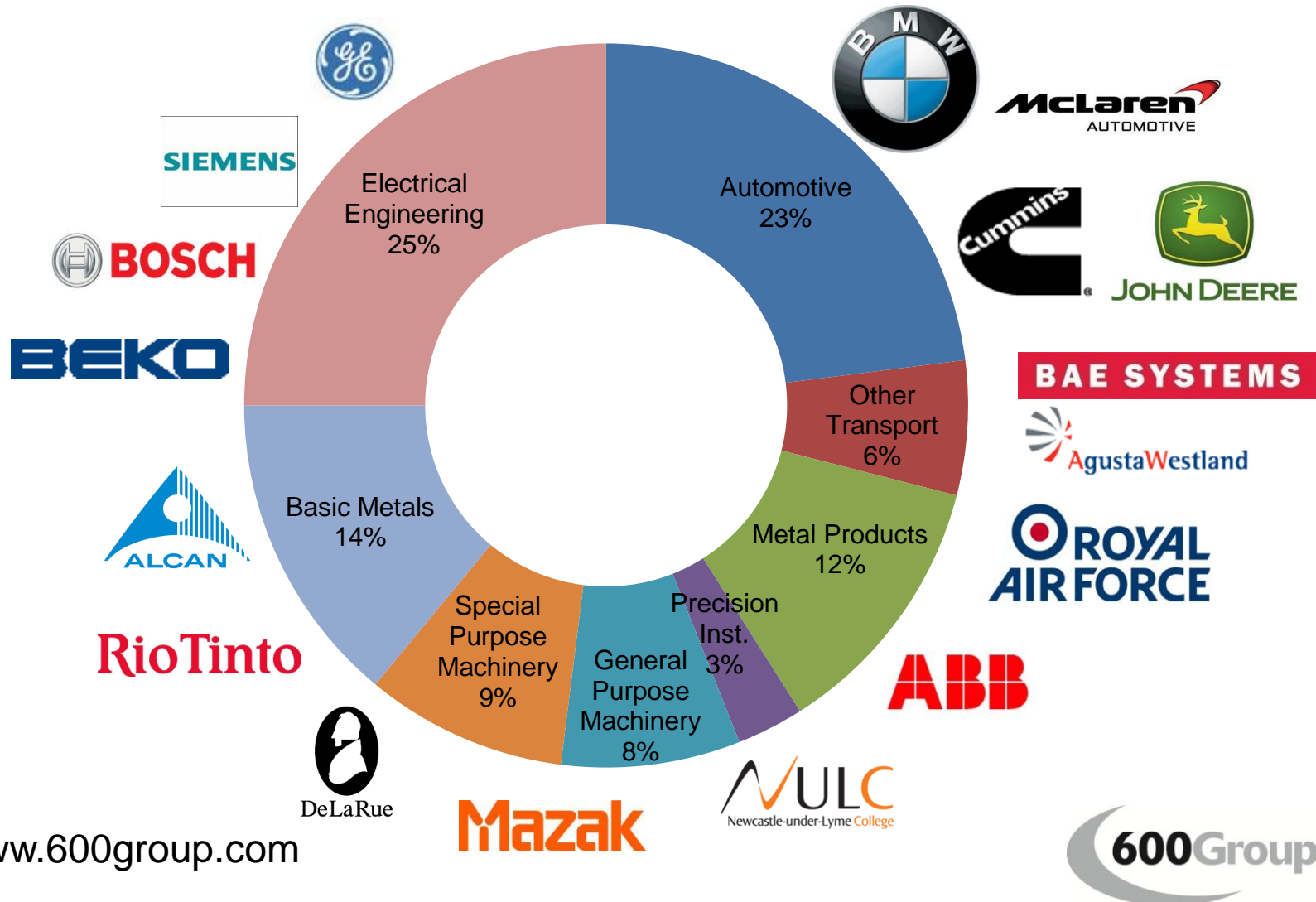


- Globally recognised brand for high specification laser marking equipment – supplied stand-alone or integrated into production cells
- End-user markets include automotive, medical, consumer durables and electronics
- Successful direct operations in North America and UK - distribution in Europe and Asia



Key business strengths

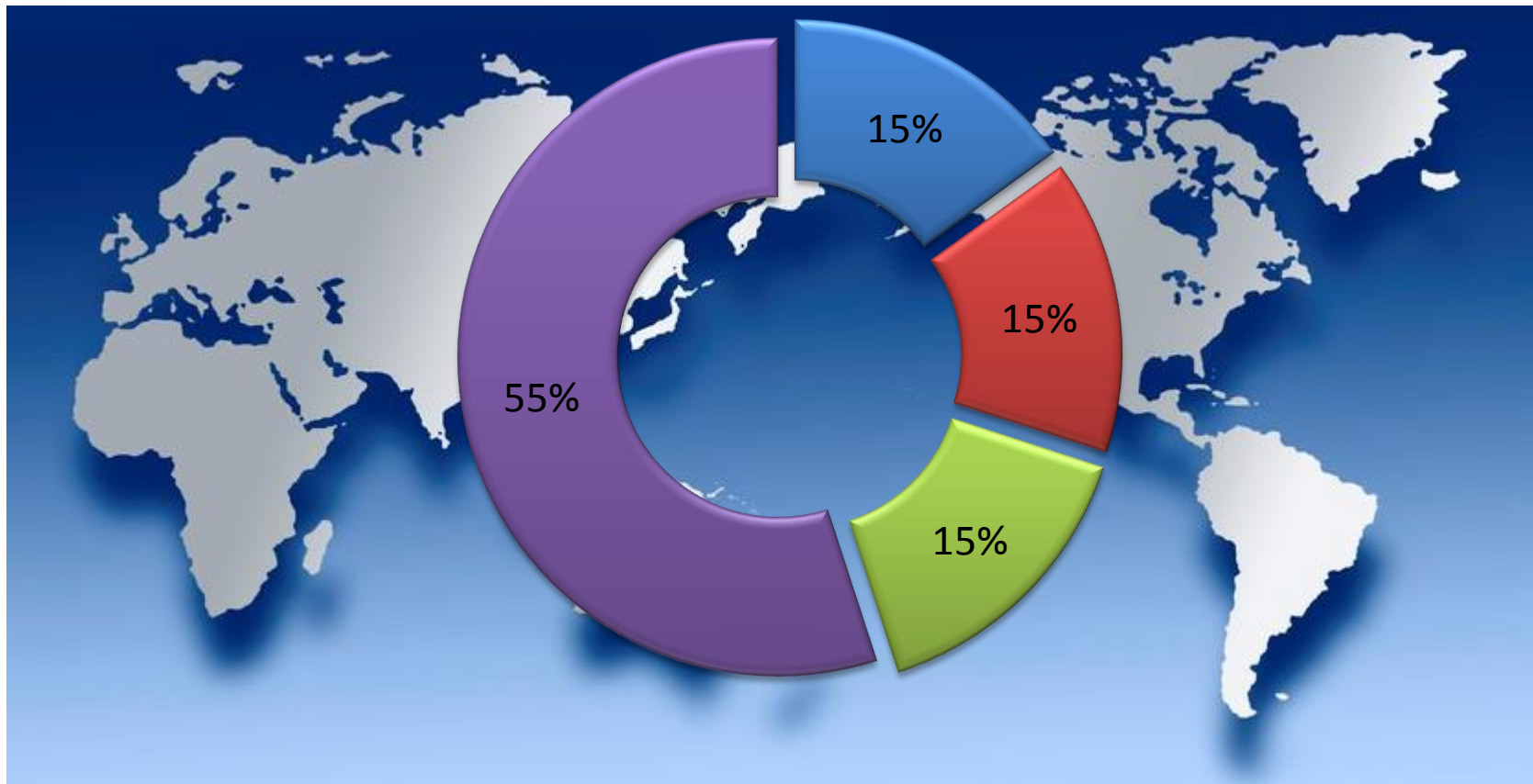
- Loyalty from world class blue chip customers



Key business strengths

- **Global Distribution: wide geographical reach**

■ UK ■ Continental Europe ■ RoW ■ North America



Key business strengths

– Supportive Shareholders

| | % of issued capital |
|--|---------------------|
| Haddeo Partners | 27.1 |
| Henderson Global | 6.3 |
| Maland Pension Fund (A Perloff) | 6.1 |
| Miton Group plc | 5.1 |
| National Grid Pension Scheme (Aerion FM) | 4.9 |
| Schroder IM | 4.4 |
| | |
| Nigel Rogers | 1.2 |

Turnaround and strategic review – FY13 H1

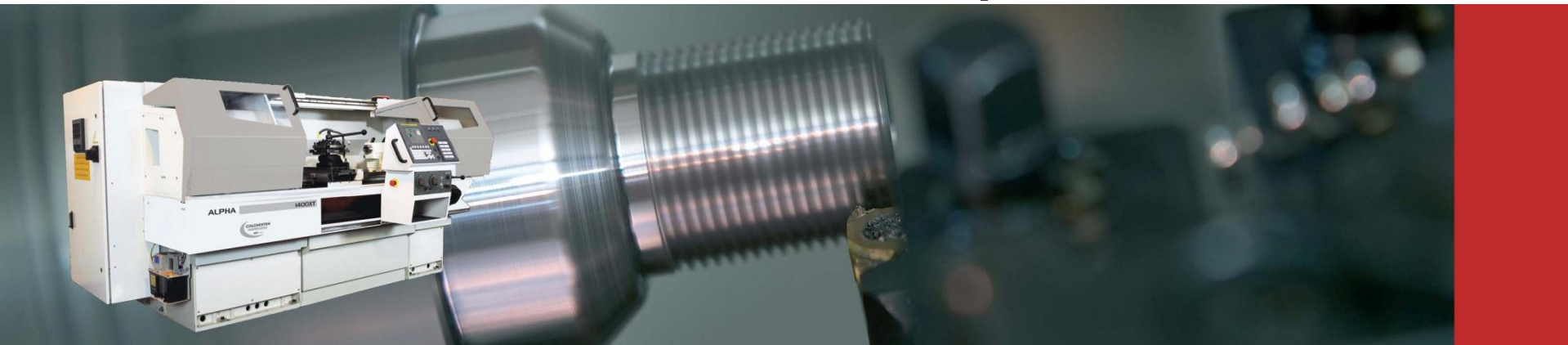
| Issues | Actions Taken |
|--|---|
| Weak Financial / Operational Control | Key focus of new top management |
| Poor allocation of resources | Improved internal KPI's and processes |
| Trading with net cash outflow | Closed (then sold) loss making Polish factory. Cost reduction initiatives. |
| Financially distressed - bank and vendors pressing | Non-core disposals, regularised banking relationships, £1.2m (net) new equity |
| Customer service and lead times extending | Injected working capital and streamlined supply chain |



Financial Overview

for the year ended 30 March 2013

NR Carrick – Group FD



Financial Highlights

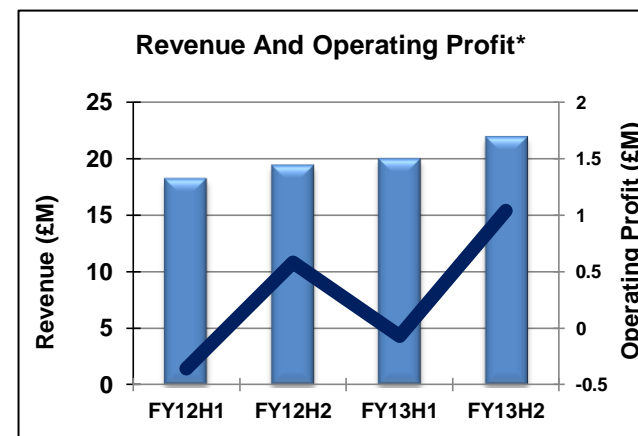
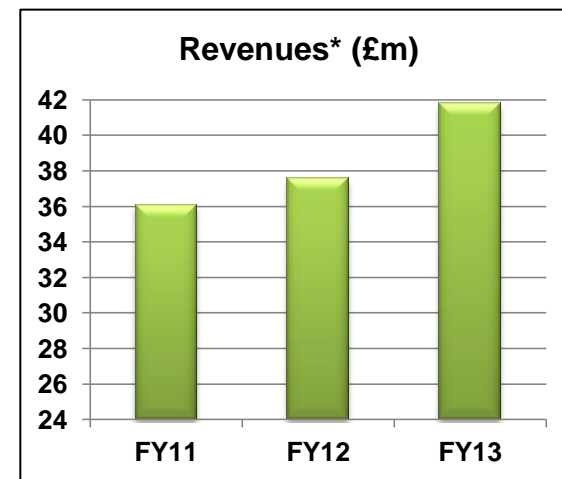
- **Group revenues up 11.2% to £41.79m (2012 : £37.57m)**
- **Adjusted net profit* of £0.39m (2012: loss of £0.42m)**
- **Total profit attributable of £3.94m (2012: loss of £14.85m)**
- **Underlying earnings of 5.84p (2012: 0.38p)**
- **H2 operating profit of £1.04m: ahead of expectations**
- **Net debt reduction to £5.41m (1 April 2012: £7.99m)**
- **UK pension fund closed to future accrual: £19.46m in surplus**
- **NAV (excluding net pension surplus) of 11.70p per share**

**from continuing operations, before special items, pension fund credit interest & taxation*

Financial Highlights

CONSOLIDATED INCOME STATEMENT

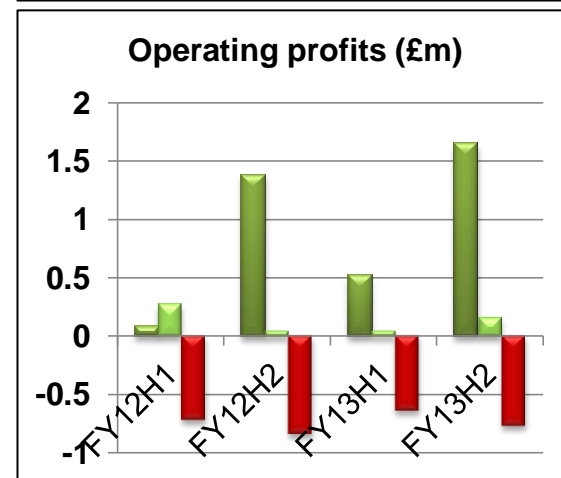
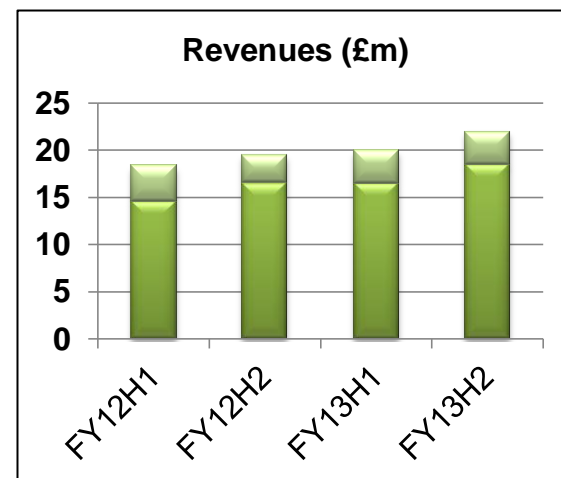
| | FY 2013 | FY 2012 |
|---|--------------|----------------|
| REVENUE* | 41.79 | 37.57 |
| COST OF SALES* | (28.54) | (25.43) |
| GROSS PROFIT* | 13.25 | 12.14 |
| NET OPERATING EXPENSES* | (12.28) | (11.91) |
| NET PROFIT/(LOSS) FROM OPERATIONS* | 0.97 | 0.23 |
| NET FINANCIAL INCOME / (EXPENSE) Bank and other debt | (0.58) | (0.65) |
| ADJUSTED PBT* | 0.39 | (0.42) |
| NET FINANCIAL INCOME / (EXPENSE) Net pension credit | 3.50 | 1.57 |
| NET PROFIT BEFORE TAX* | 3.89 | 1.15 |
| TAXATION CREDIT/(CHARGE)* | 0.52 | (0.91) |
| DISCONTINUED ACTIVITIES | (0.30) | (5.26) |
| SPECIAL ITEMS | (0.15) | (9.83) |
| NET PROFIT / (LOSS) FOR THE PERIOD | 3.94 | (14.85) |



Financial Highlights

SEGMENTAL REPORTING – H1:H2 splits

| £M | FY 2013 H1 | FY 2013 H2 | FY 2013 |
|---|---------------|---------------|--------------|
| REVENUE* | | | |
| MACHINE TOOLS | 16.50 | 18.41 | 34.91 |
| LASER MARKING | 3.49 | 3.52 | 7.01 |
| INTERSEGMENTAL | (0.08) | (0.05) | (0.13) |
| TOTAL REVENUE* | 19.91 | 21.88 | 41.79 |
| | | | |
| OPERATING PROFIT / (LOSS)* | | | |
| MACHINE TOOLS | 0.52 | 1.63 | 2.15 |
| LASER MARKING | 0.05 | 0.16 | 0.21 |
| HEAD OFFICE/UNALLOCATED | (0.64) | (0.75) | (1.39) |
| TOTAL OPERATING (LOSS) / PROFIT* | (0.07) | 1.04 | 0.97 |
| | | | |
| OPERATING MARGIN* | | | |
| MACHINE TOOLS | 3.2% | 9.0% | 6.2% |
| LASER MARKING | 1.4% | 4.5% | 3.0% |
| GROUP | -0.4% | 4.8% | 2.3% |



*denotes from continuing activities before special items

Financial Highlights

CASH FLOWS – H1:H2 splits

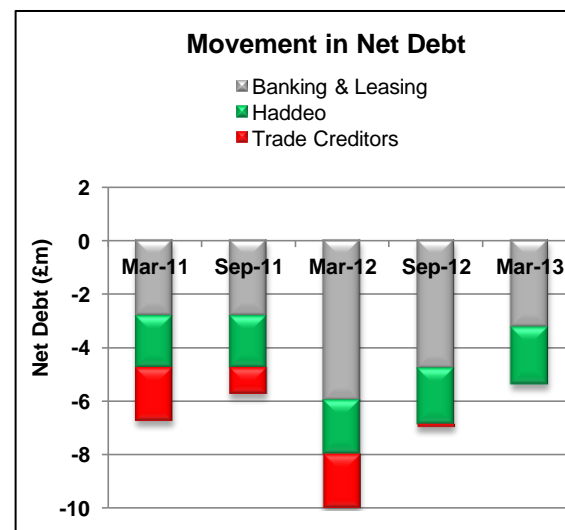
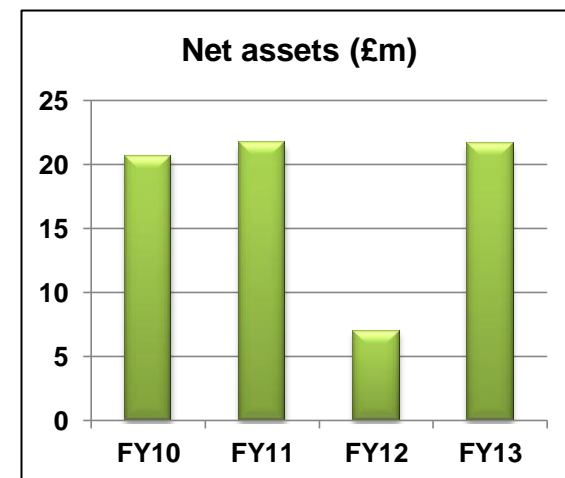
| £M | FY 2013 H1 | FY 2013 H2 | FY 2013 |
|-------------------------------------|---------------|---------------|---------------|
| PROFIT FOR PERIOD | 0.19 | 3.75 | 3.94 |
| Adjustment for non-cash items | (0.93) | (2.85) | (3.78) |
| Working capital movements | (1.80) | (0.43) | (2.23) |
| TRADING CASH FLOW | (2.54) | 0.47 | (2.07) |
| Interest and taxation paid | (0.39) | (0.12) | (0.51) |
| OPERATING CASH FLOW | (2.93) | 0.35 | (2.58) |
| Investing activities | 2.72 | 1.06 | 3.78 |
| Equity raised | 1.42 | - | 1.42 |
| Debt repaid | (0.19) | (1.32) | (1.51) |
| INCREASE IN CASH EQUIVALENTS | 1.01 | 0.09 | 1.10 |
| Debt repaid | 0.19 | 1.32 | 1.51 |
| FX movements | (0.10) | 0.08 | (0.02) |
| REDUCTION IN NET DEBT | 1.10 | 1.49 | 2.59 |

- Net debt reduced by £2.59m
- Proceeds on disposals of £4.4m
- Capex £0.7m
- Placing raised £1.2m net
- Funding applied mainly to reduce net bank debt (£2.6m) and trade creditors (£2.6m)
- H2 stable, profitable and cash generative at operating level

Financial Highlights

STATEMENT OF FINANCIAL POSITION

| | Mar 13 | Sep 12 | Mar 12 |
|--|---------------|---------------|---------------|
| FIXED ASSETS | 5.80 | 5.38 | 5.94 |
| NET PENSION SURPLUS Net of associated deferred taxation | 11.76 | 3.18 | (2.01) |
| ASSETS FOR RESALE (NET) | - | 2.10 | 4.60 |
| WORKING CAPITAL | | | |
| Inventory | 10.27 | 10.97 | 10.81 |
| Receivables | 6.18 | 6.19 | 6.53 |
| Payables | <u>(6.97)</u> | <u>(7.57)</u> | <u>(9.56)</u> |
| | <u>9.48</u> | <u>9.59</u> | <u>7.78</u> |
| NET DEBT | | | |
| Cash & cash equivalents | 1.03 | 0.89 | 0.41 |
| Bank and financial leases | (4.28) | (5.68) | (6.35) |
| Shareholder loans | <u>(2.16)</u> | <u>(2.10)</u> | <u>(2.02)</u> |
| | <u>(5.41)</u> | <u>(6.89)</u> | <u>(7.99)</u> |
| OTHER LIABILITIES (NET) | <u>(0.01)</u> | <u>(1.92)</u> | <u>(1.33)</u> |
| NET ASSETS | <u>21.62</u> | <u>11.44</u> | <u>6.99</u> |
| NAV per share | <u>25.66p</u> | | |
| NAV per share (excl. pensions) | <u>11.70p</u> | | |



Employee Benefits

| UK pension scheme | £m |
|------------------------|-----------------|
| Scheme assets | 203.30 |
| Scheme liabilities | <u>(183.84)</u> |
| Net surplus under IFRS | 19.46 |
| Deferred tax provision | <u>(6.81)</u> |
| Net asset recognised | <u>12.65</u> |

- Surplus now recognised on Balance Sheet under IFRIC 14
- Scheme closed to future accrual of benefits
- Scheme funding agreed - no cash requirement from the company
- Strategic plan in place to proceed to buy-out within 10 years

| US post-retirement schemes | £m |
|----------------------------|---------------|
| Net deficit under IFRS | (1.35) |
| Deferred tax provision | <u>0.46</u> |
| Net asset recognised | <u>(0.89)</u> |

- Net deficit reduced by £0.79m in current year due to experience gains

Key performance indicators - benchmarking

| KPI | 600 Group Current | Mean of six comparators | Benchmark target |
|--------------------------------|----------------------|----------------------------|---------------------|
| Revenue (annual growth rate) | 11.2% | 3.6% | >10% |
| Book-to-bill ratio | 85% | 89% | >110% |
| Order backlog (months) | 2.0 | 4.1 | 2.5 – 3.5 |
| | | | |
| Gross margin (% of revenue) | 31.4% | 30.5% | >33% |
| EBIT margin (% of revenue) | 4.7% | 5.3% | >7.5% |
| | | | |
| Working capital (% of revenue) | 21.5% | 31.3% | <25% |
| Inventory turns | 2.6x | 2.0x | 3.5x |
| Receivables (days) | 55 | 66 | <60 |

Current trading & outlook

- **Market conditions became tougher in FY13H2**
 - US machine tool consumption up 5% in H1, down 12% in H2
 - UK MTA reports order intake peaked in January 2013
 - Taiwan MT exports up 6% in calendar 2012, down 25% in 2013 Q1
 - Oxford Economics industry growth forecasts downgraded to 2.3% in March 2013
- **FY14 Q1 trading**
 - Revenues marginally ahead of prior year Q1
 - Current y-t-d book to bill 109%, order book 2.3 months
 - Early signs of recovery in North America and UK
 - Eurozone & Australia - weakness expected to prevail through FY14 H1
 - Outlook cautiously optimistic

Future growth strategy

- **Investment projects**
 - **Facilities**
 - **Customer service**
 - **New product development**
 - **Growth through market share gains**
- **Acquisition criteria**
 - **Machine tools & precision engineered components**
 - **Laser marking & associated technologies**
 - **Engineering sector consolidation opportunities**



Preliminary results presentation

for the year ended 30 March 2013

Appendices



Brief company history

600 Group Plc – UK listed company with 150 year old roots

Historical global interests - scrap, waste & property

Acquired current businesses in 1950's – 1970's

“The world turns on Colchester lathes”

Machine tools becomes core activity in 1990's

Haddeo Partners acquires significant interest in 2010

New management appointed 2012 – strategic review completed

Director Profiles

| | | |
|--|--|---|
|  |  |  |
| Paul Dupee | Nigel Rogers | Neil Carrick FCA |
| Chairman, Sept 2011 | CEO, April 2012 | FD, Oct 2011 |
| US national, strong background in Corporate Finance, lead investor in grouping of HNWI's, Haddeo Partners, who own 27.1% of company. | Chartered Accountant, previously CEO Stadium Group Plc (2001 – 2011). | Previously Group FD at Cosalt Plc, and FC / Co Sec at Wm Cook Plc. |

Director Profiles

| | |
|---|--|
|  |  |
| Stephen Rutherford BSc, CEng, MIM | Derek Zissman FCA |
| NED, Oct 2007 | NED, Feb 2011 |
| Previously MD at the Bridon Group and non exec of Cares UK PLC | Former vice chair of KPMG LLP, currently on advisory Committee of Barclays Wealth & non Exec. Of GFI Software S.a.r.l. |

Current group structure



Colchester – Harrison manual control



NULC Workshop - UK

Colchester – Harrison CNC control

Colchester- Harrison Range of
Alpha XS Manual / CNC Lathes



Colchester-Harrison TT6 and Tornado
Ranges of CNC Production Machines



Colchester-Harrison Storm Range
of VMC machines



Machine Tools – US distribution



Key product ranges



Drilling



Milling



Conventional Lathes



Grinding



Saws

Pratt Burnerd work-holding equipment

Standard chucks for traditional lathes



Power chucks for CNC lathes



Pratt Burnerd work-holding equipment

Large Power Chucks



Super Precision Tapered Roller Bearings



Electrox Laser

Electrox laser marking solutions are used in a diverse range of industries worldwide including:

- Automotive
- Medical
- Computer Peripherals
- Telecommunications
- Cutting Tools
- Livestock
- Giftware
- Electronics
- Packaging



Electrox Laser

- Workstations compatible with all lasers and all lenses
- Ideal for large components and medium volume users
- Flexible laser integration



Industry forecast growth rates

