

# 600 Group Plc

Preliminary Results – year ended 29 March 2014

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# Overview

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**“Much improved underlying earnings and further strengthening of market position...”**

- ▶ Increased market share in key geographical markets
- ▶ Enhanced margins and operating efficiency
- ▶ Significant progress on product development
- ▶ Growth in order intake and pipeline
- ▶ AGM proposal to restore distributable reserves
- ▶ Strategic acquisitions under evaluation

# Financial Review



Neil Carrick – Group  
CFO

MACH exhibition, NEC, April  
2014

# Financial Highlights

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- ▶ Group PBT\* £1.97m (2013: £0.51m)
- ▶ Underlying earnings\* per share of 1.90p (2013: 0.59p)
- ▶ Revenues £41.71m (2013: £41.79m)
- ▶ Order intake up by 13.7%
- ▶ Gross margin up by 150 b.p. to 33.2%
- ▶ Operating margins up – group 5.6% (2013: 2.3%)
- ▶ Group net debt reduced to £5.31m (2013: £5.41m)

\* Denotes from continuing activities, before pension credit interest, amortisation of shareholder loan costs and special items.

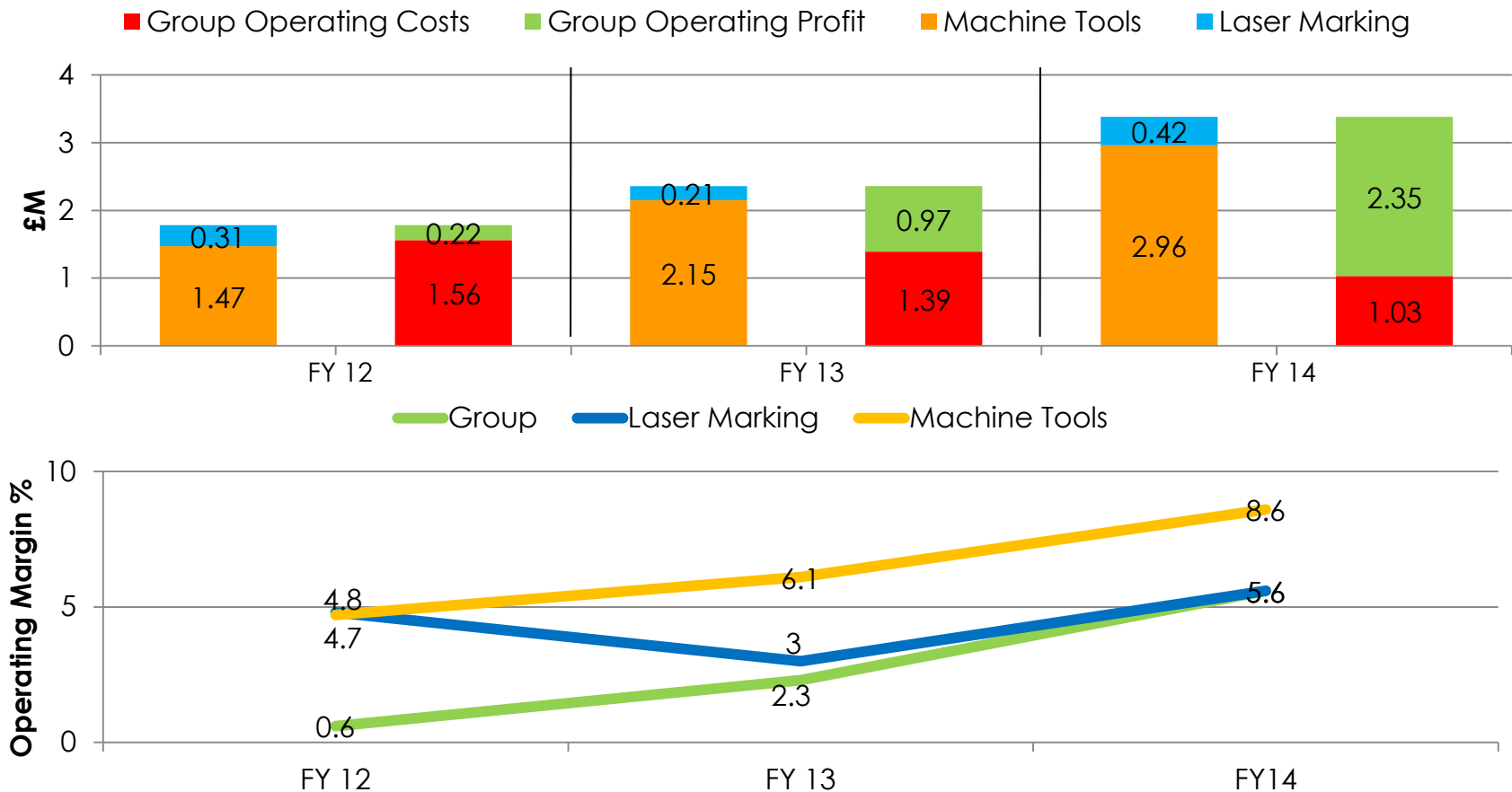
# Summarised Results

£millions	FY14	FY13
Revenues*	41.71	41.79
Gross Profit*	13.86	13.25
<i>Gross Margin*</i>	<i>33.2%</i>	<i>31.7%</i>
Operating Profit*	2.35	0.97
<i>Operating Margin*</i>	<i>5.6%</i>	<i>2.3%</i>
Profit Before Taxation*	1.97	0.51
Taxation	(0.62)	0.65
Other items	<u>0.50</u>	<u>0.90</u>
Profit attributable to equity	<u>1.85</u>	<u>2.06</u>
Adjusted earnings per share (p)*	1.90p 2.19p	0.59p 2.75p
Total earnings per share (p)		

\* Depotes from continuing activities, before pension credit interest, amortisation of shareholder loan costs and special items.



# Segmental analysis

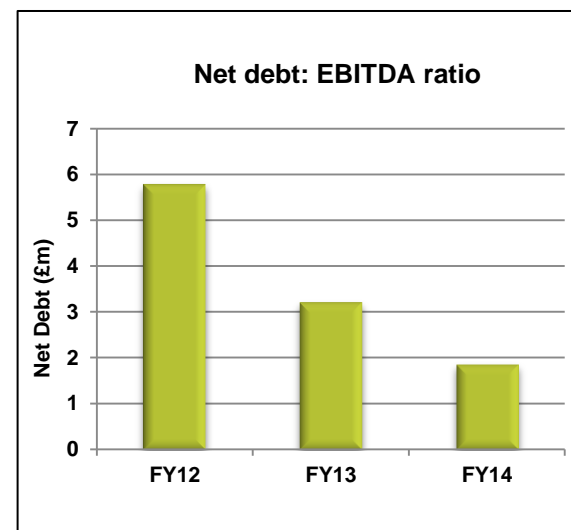
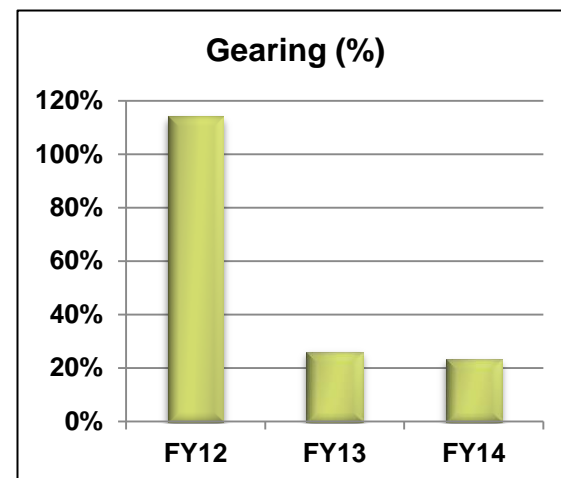


**“Continued improving trend across each business segment.....”**

# Financial Position



	FY 14	FY 13
<b>FIXED ASSETS</b>	6.13	5.80
NET PENSION SURPLUS Net of associated deferred taxation	12.36	11.77
<b>WORKING CAPITAL</b>		
Inventory	8.50	10.27
Receivables	6.21	6.18
Payables	<u>(6.42)</u>	<u>(6.97)</u>
	<u>8.29</u>	<u>9.48</u>
<b>NET DEBT</b>		
Cash & cash equivalents	1.15	1.02
Bank and financial leases	(4.17)	(4.27)
Shareholder loans	<u>(2.29)</u>	<u>(2.16)</u>
	<u>(5.31)</u>	<u>(5.41)</u>
<b>OTHER ASSETS (NET)</b>	<u>1.08</u>	<u>0.02</u>
<b>NET ASSETS</b>	<u>22.55</u>	<u>21.66</u>





# Net Debt position

	Facilities	Utilised	Headroom	Next Review
UK bank	3.47*	2.61	0.86*	June 2014*
Overseas banks	1.98	0.12	1.86	March 2015
Shareholder loan	2.29	2.29	-	August 2015
Total	7.74	5.02	2.72	

\* May 14 - Extended UK available facilities to £4.77m and pro-forma headroom to £2.16m, committed to May 2017

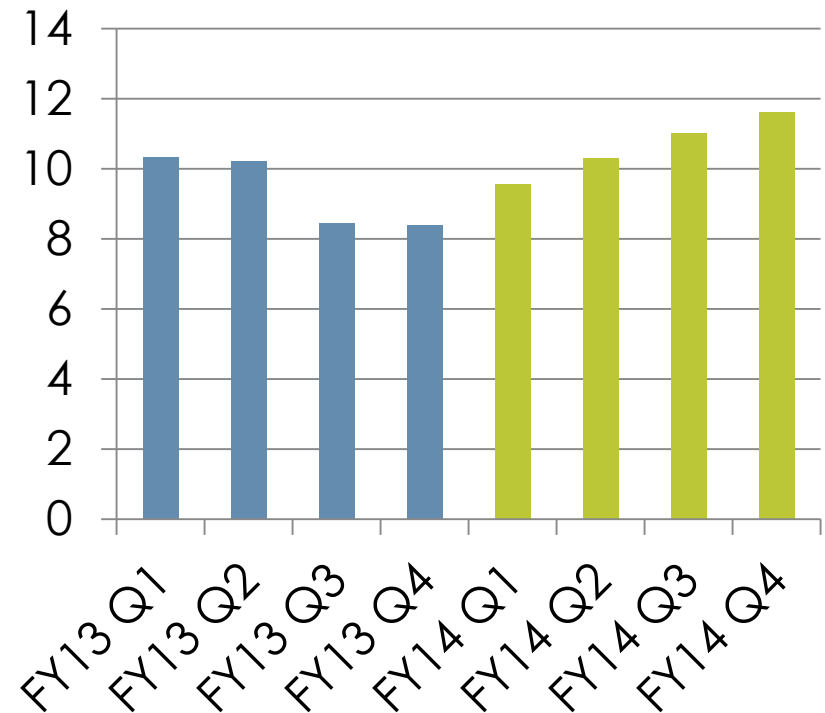
# Order Books



- ▶ Order intake up by 13.7% in FY14
- ▶ Book-to-bill of 101.8% (FY13: 89.4%)
- ▶ Order book of £7.02m (FY13: £6.87m)
- ▶ FY15 Q1 trading ahead of the corresponding period last year

## Quarterly order intake

**£ millions**



# Operating Review & Strategy

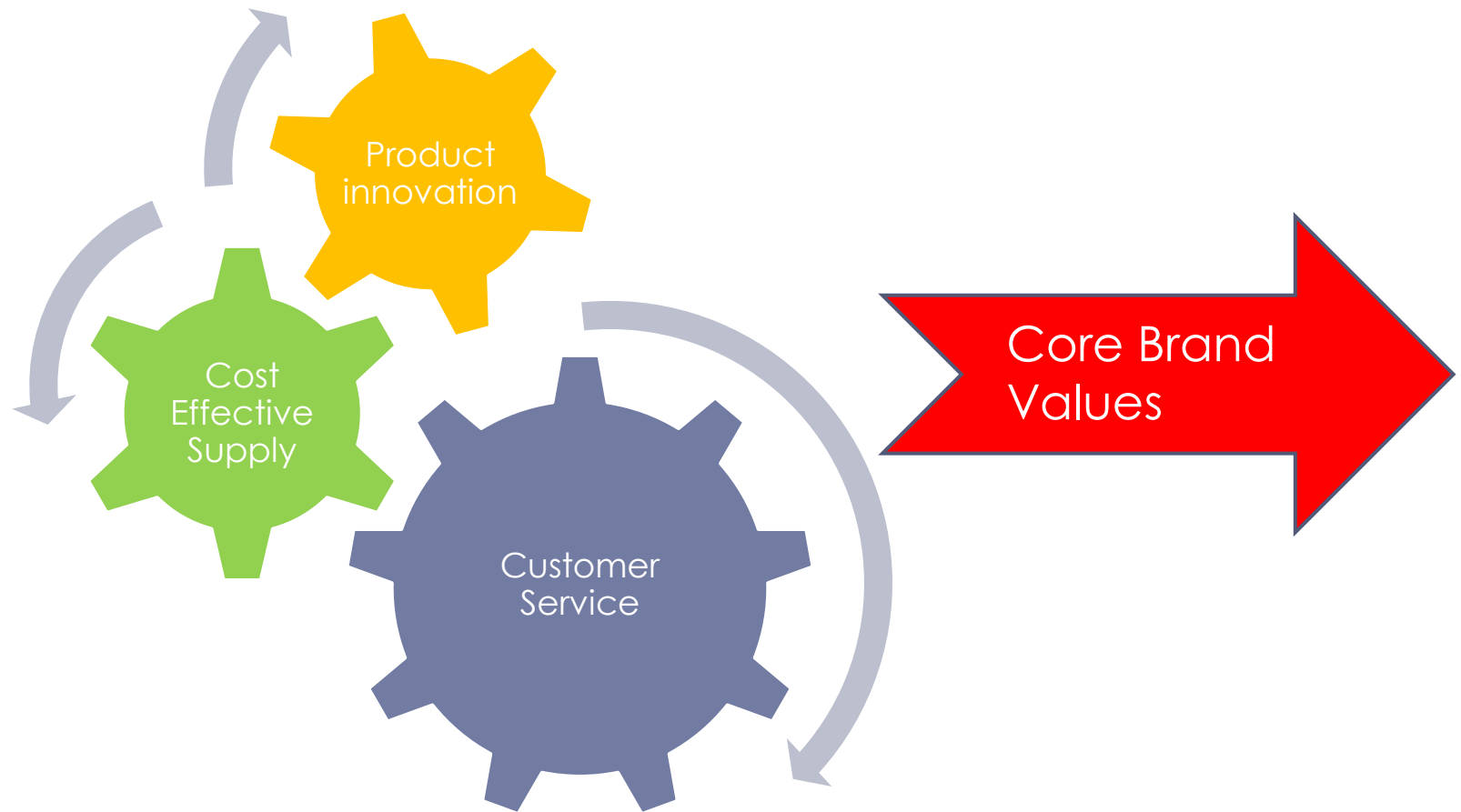


Nigel Rogers – Group  
CEO

Mackay Training Centre,  
Queensland, Australia

# Operational Excellence

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# Product Innovation



- ▶ OiD Control introduced
- ▶ Tornado EL range launched



- ▶ Clausing "Made in the USA" drill range
- ▶ Generated >£1m of revenues





# Product Innovation



- ▶ Gripfast combination chuck
- ▶ Gripmeter safety device



- ▶ EMS workstations range
- ▶ Scriba EVO software imminent

# Cost Effectiveness

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- ▶ Tornado EL – material cost down
- ▶ Site compression at Heckmondwike



- ▶ Secured price concessions on bought in equipment
- ▶ Continued tight control of overheads



- ▶ Full hardware redesign
- ▶ Reduced material cost
- ▶ Decreased build time
- ▶ Lower working capital





# Customer Service

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- ▶ Unrivalled technical support
- ▶ Brought lead times to industry standard levels
- ▶ Increased inventory availability
- ▶ Measured improvement in on-time delivery

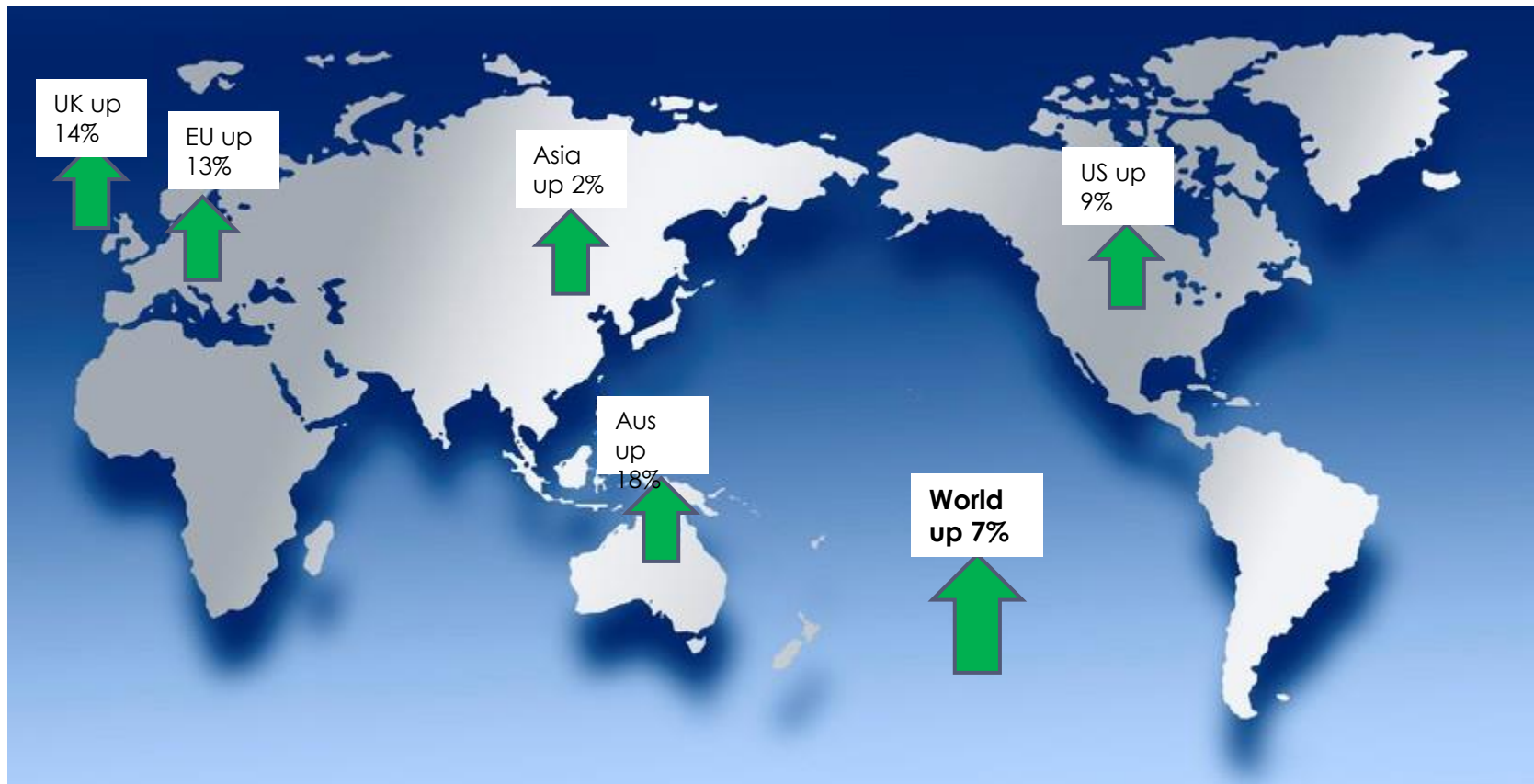


- ▶ Market leading inventory availability
- ▶ IT systems to facilitate distributor interface
- ▶ Rapid response, strong aftersales support



- ▶ Distributors involved in product development
- ▶ Reduced lead times to 6-8 weeks
- ▶ Measured improvement in on-time delivery

# Market outlook for 2014\*



Source – Gardner Research, World machine Tool Output & Consumption Survey  
2014

# Strategic objectives

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- ▶ Maintain focus on delivery of KPI targets:
  - ▶ Double digit top line growth
  - ▶ >7.5% Group operating margin (after central costs)
  - ▶ Cash conversion
- ▶ Seek out and deliver earnings enhancing acquisitions
  - ▶ Laser Marking
  - ▶ Addition of “third leg” activity
  - ▶ Monitor possible consolidation in listed company space

# Summary & Outlook

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- ▶ Much improved performance in FY14
- ▶ Momentum in order intake
- ▶ Market conditions expected to improve in FY15
- ▶ Positive outlook and prospects
- ▶ Evaluating opportunities to invest & grow



# Appendices

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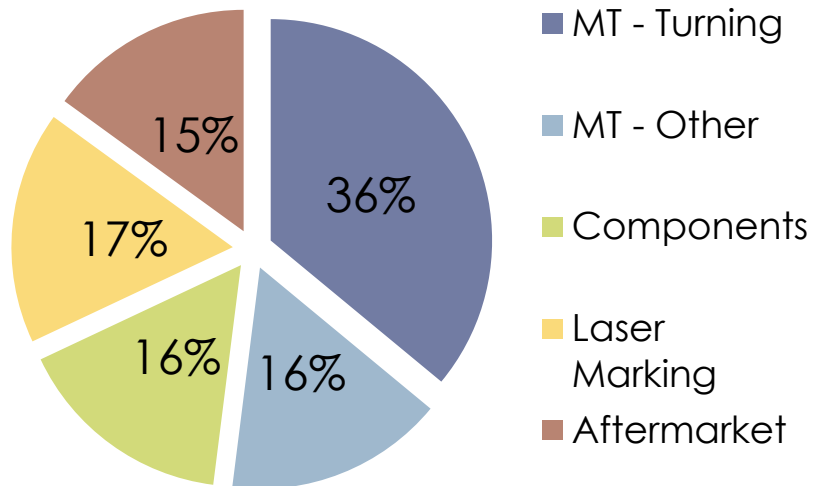


*6 x 1.3 metre Large Swing Lathe,  
Installed at Halliburton (Malaysia) by Clausing*

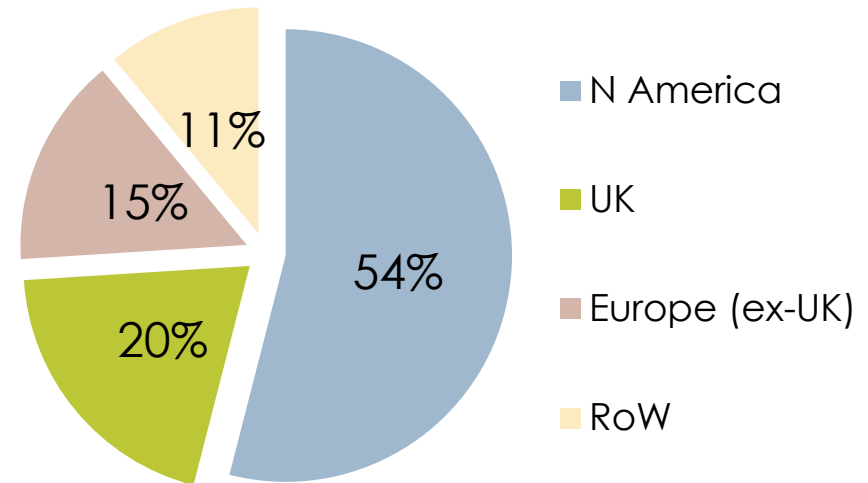
# Revenue Analyses



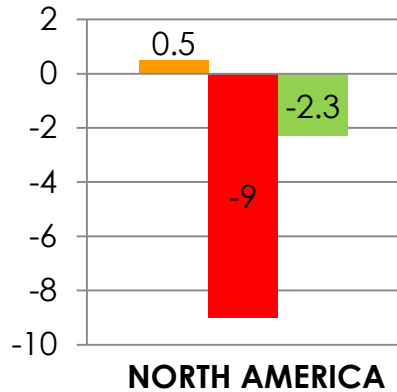
## By product category



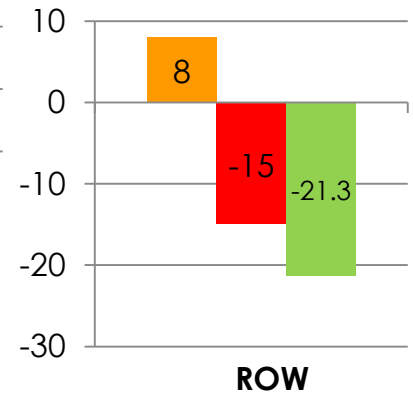
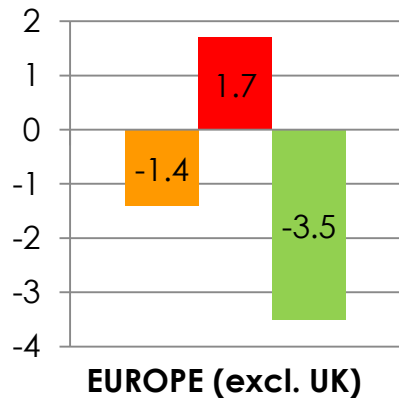
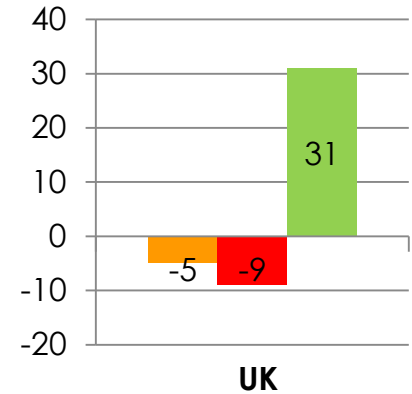
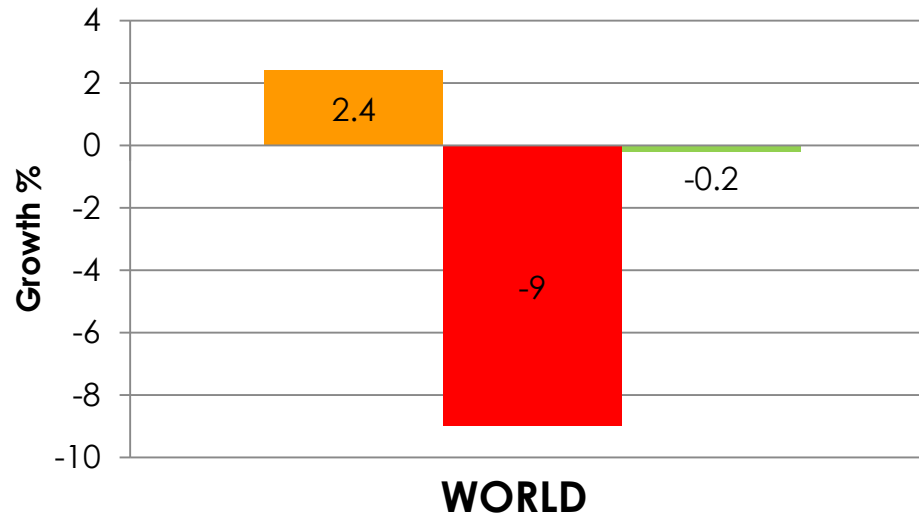
## By Destination



# Revenue – relative growth



■ Gardner Research 2013 Forecast - Feb 13  
■ Gardner Research 2013 Actual - Feb 14  
■ 600 Group Actual - FY 14





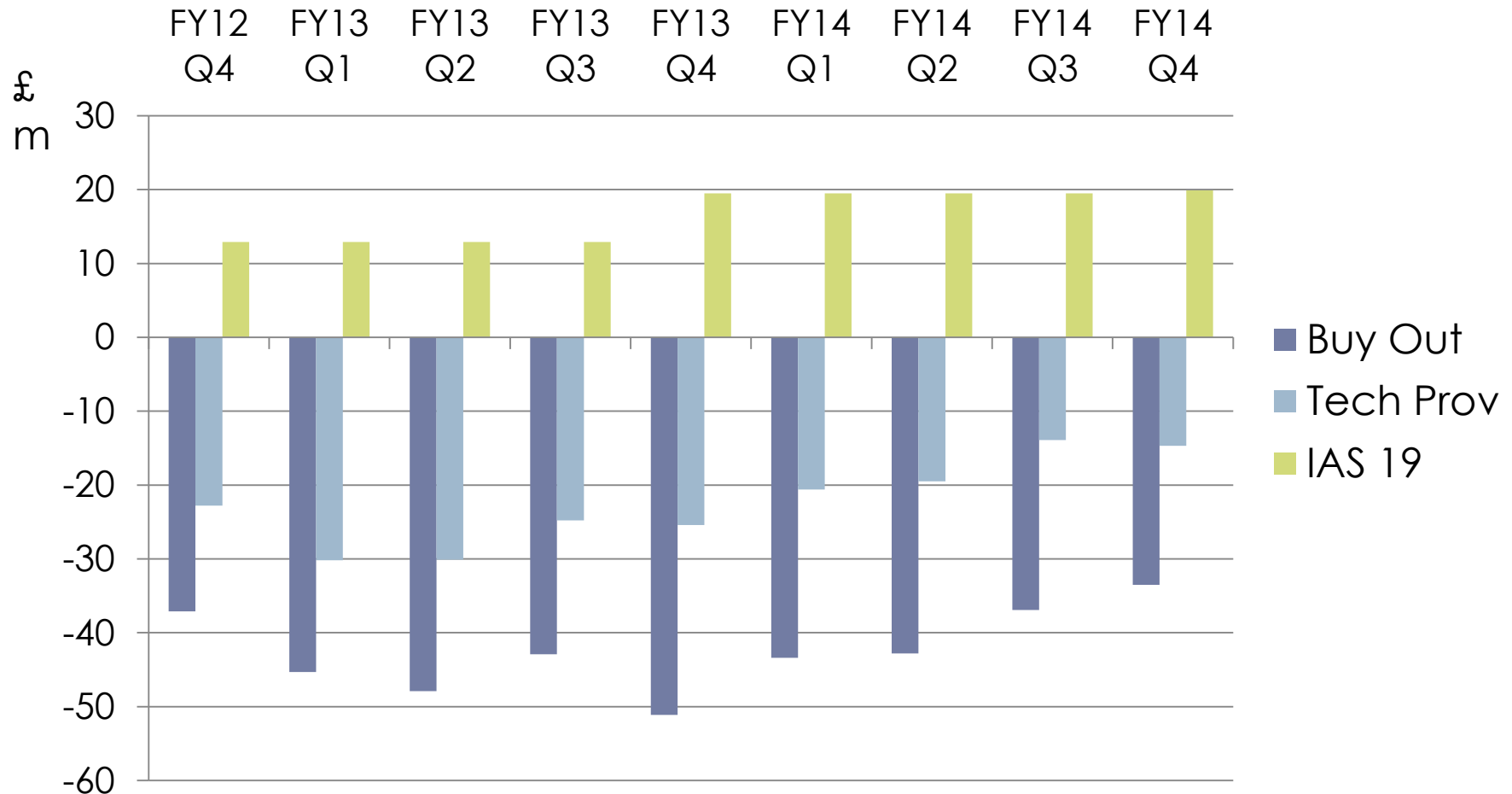
# Key Performance Indicators

	Target	FY14	FY13	FY12
Revenue growth	>10%	-0.2%	<b>11.2%</b>	4.2%
Book-to-bill ratio	>110%	101.8%	89.4%	n/a
Order backlog (months)	2.0-3.0	1.9	2.0	3.9
Gross Margin (%)	>33%	<b>33.2%</b>	31.7%	32.3%
Operating Margin (%)	>7.5%	5.6%	2.3%	0.6%
Working Capital (%)	<25%	<b>20.0%</b>	<b>21.5%</b>	<b>20.7%</b>
Inventory Turns	>3.5x	3.3x	2.8x	2.8x
Receivables (days)	<60	<b>54</b>	<b>55</b>	63

# Cash Flow Statement

£ millions	FY 14	FY 13
<b>PROFIT FOR PERIOD</b>	<b>1.85</b>	<b>2.06</b>
Adjustment for non-cash items	0.86	(0.96)
Working capital movements	(0.72)	(2.82)
<b>TRADING CASH FLOW</b>	<b>1.99</b>	<b>(1.72)</b>
Interest and taxation paid	(0.79)	(0.51)
<b>OPERATING CASH FLOW</b>	<b>1.20</b>	<b>(2.23)</b>
Investing activities	(1.00)	3.48
Equity raised	0.03	1.42
Debt repaid	(0.02)	(1.57)
<b>INCREASE IN CASH EQUIVALENTS</b>	<b>0.21</b>	<b>1.10</b>
Debt repaid	0.02	1.57
Adjustment for non-cash items	(0.13)	(0.08)
<b>MOVEMENT IN NET DEBT</b>	<b>0.10</b>	<b>2.59</b>

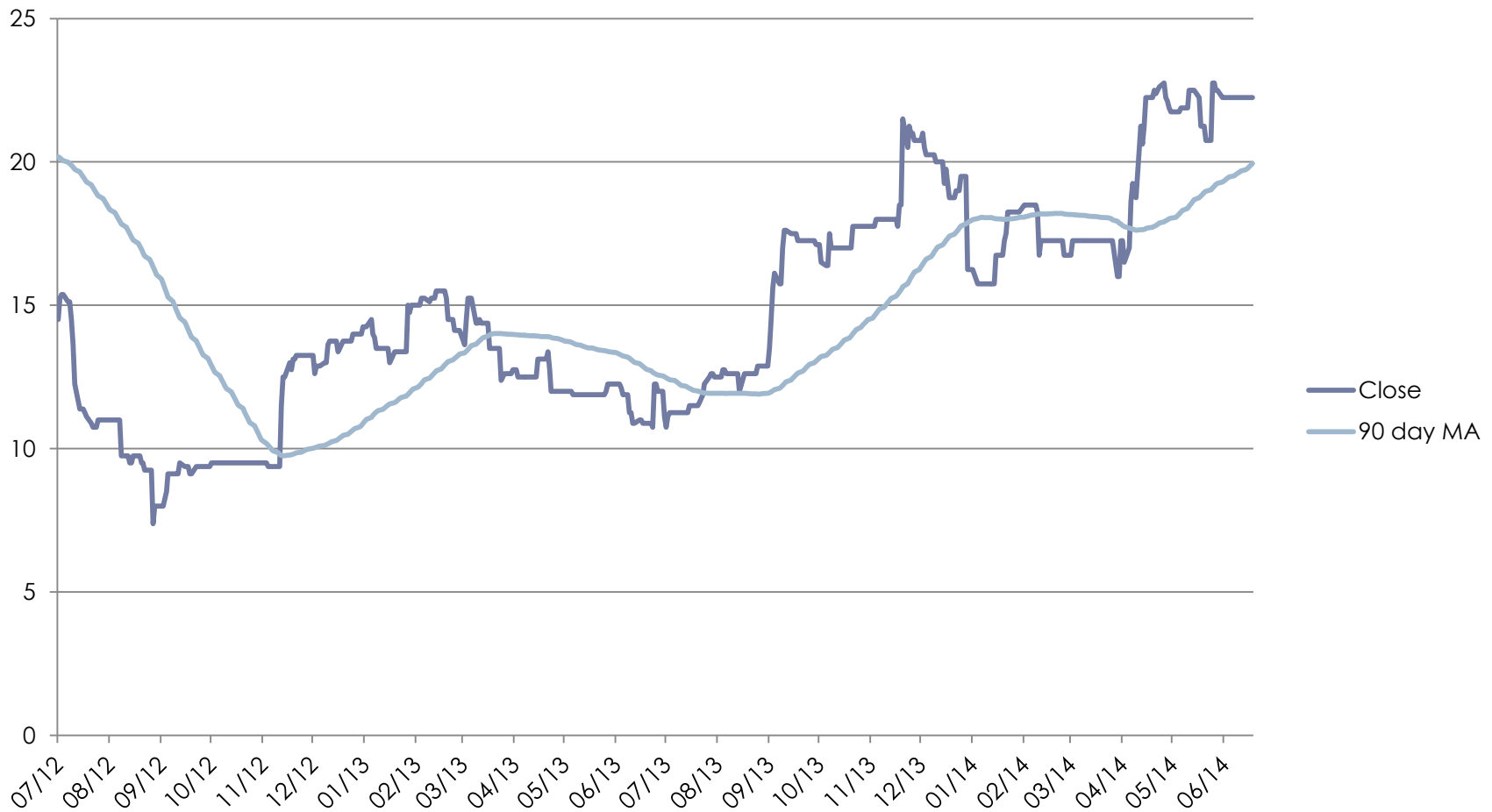
# UK Pension Funding



*Buy-out and Technical Provisions data based on actuarial estimates. IAS 19 stated before deferred taxation, and was not recognised on the Group balance sheet prior to FY13 under IFRIC 14 criteria.*

# Share Price Movements

**600 Group Plc - share price**



# Appendices

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*Golden Gate Bridge, San Francisco, CA  
Maintenance workshop fitted out by  
Clausing, 2013*

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