



**Pressure Technologies plc**

# **AGM Presentation**

**10 February 2011**



**John Hayward CEO**

**Engineering solutions for high pressure markets**



**Pressure Technologies plc**

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A leading designer and manufacturer of  
speciality engineering solutions  
for high pressure systems  
serving large global markets

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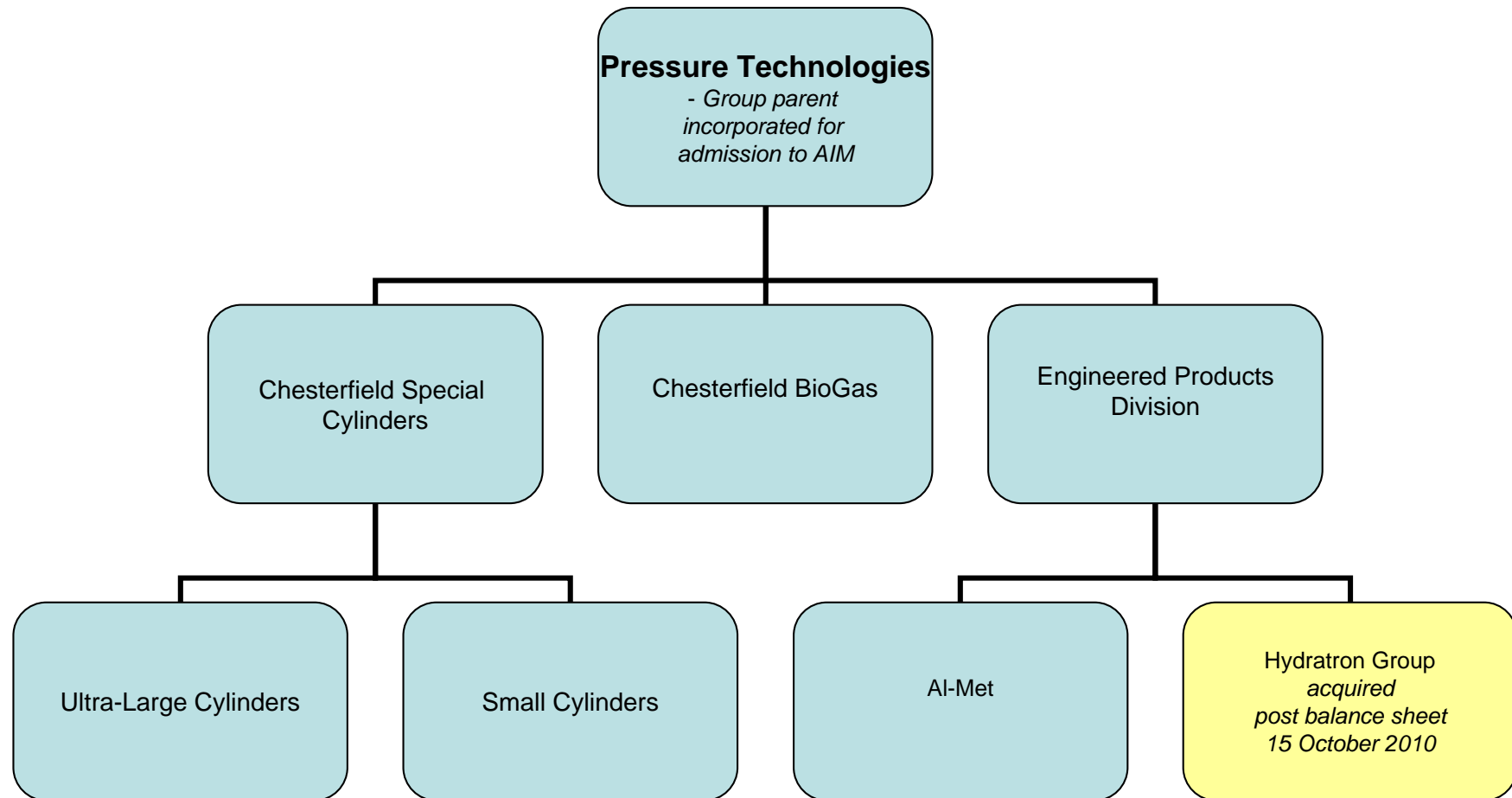


## Highlights

- Transformation of Group through strategic diversification programme well underway with acquisition of Al-Met and, post year end, Hydratron
- Chesterfield BioGas successfully completed the first UK biogas to grid project
- Operating management and engineering resources strengthened and capital investment and research and development continues as we invest for the future
- The global economic downturn impacted 2010 sales and profits
- Chesterfield Special Cylinders anticipating a difficult first half of 2011 with recovery of deepwater oil and gas markets delayed by the BP Macondo oil spill but signs of upturn in orders for the second half year
- Acquisitions and Chesterfield BioGas growing in 2011
- Balance sheet remains strong
- Operating cash flows and confidence in a medium term recovery support dividend



## Group Structure



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Chesterfield Special Cylinders



**CHESTERFIELD**  
**SPECIAL CYLINDERS**

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## CSC Markets – Oil and Gas

- Oil and Gas
  - Short term reduction in demand due to
    - Lack of confidence
    - Gulf of Mexico
  - Expectation of cycle returning to growth in 2011/12
    - Petrobras, Brazil key driver
    - Evidence of orders and enquiries from our major customers
  - Significant pipeline for support projects
  - Increased focus on safety may help in-service field testing opportunities
  - Medium and long term prospects remain good



## CSC Markets - Other

- Naval
  - Major projects underway for France & Spain
  - Orders won for Astute Submarine 5, CVF aircraft carriers
  - Pipeline
    - Spares programmes
    - Astute, Trident replacement and overseas
- Trailers & Bulk Storage
  - Trailer reconditioning business continues to progress
  - New trailer market dipped in 2010 but recovering in 2011
  - Design development of next generation of trailer well underway
  - Development of Ultra-Large composite continues
  - Demand for bulk storage “Specials” remains constant



## CSC Markets - Other

- Small Cylinders
  - Focus on this area starting to see expansion of customer base
    - 20 new customers in the year
  - Development
    - Products – composites for aerospace market
    - Services – extending re-test into the civil aviation market





Chesterfield BioGas



CHESTERFIELD  
BioGas

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## Chesterfield BioGas

- Moving from marketing to sales phase
- Good “first mover “ recognition of the Chesterfield brand
- Engineering and design resource strengthened
- Renewable Heat Incentive (RHI)
  - Key to “biomethane to grid” (“BtG”)
  - Initial values published Q1 2010 gave impetus to large utilities
  - Level of RHI under review but principle underpinned by Government commitment to BtG – “when” not “if”
- Breakthrough in BTG market
  - First UK upgrader installed at Didcot, operational and injecting BtG
  - Proof of concept that will unlock the UK market
  - Developing working relationships with large utilities



## Chesterfield BioGas

- Vehicle fuelling systems
  - Designed and built first filling station
    - Meets all UK regulations
    - Cross selling CSC to Chesterfield BioGas
  - Filling station on short term lease to Sheffield Council for trials and proof of concept
  - Infrastructure grant won to develop a trailer based refuelling system for Greenwich Council – delivery March 2011
  - Order received from a major logistics company for two CNG filling stations
- Strong pipeline of potential orders for both upgrading and vehicle refuelling systems



Engineered Products Division

*AI-Met Ltd*

**hydratron**

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Al-Met

- Acquired 5 February 2010
- Consideration £2.25 million
- Niche supplier of flow control and valve wear parts for oil and gas sector
- Capability to combine super alloys and carbide
- Prior year £4.2 million turnover £0.5 million EBITDA
- Order book - strong growth through second half of 2010 continuing into new financial year
- Well invested with excellent manufacturing capability with no immediate requirement for major capital expenditure
- 2011 investment plans to extend process capability in EDM and extend size range in machining



Al-Met

- Growth target to double size of business in 3 to 5 years by investment in sales and marketing resources to target expected growth in core market



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Hydratron

- Acquired 15 October 2010
- Consideration £3.3 million of which £2.5 million paid on completion, £0.4 million due October 2011 and August 2012
- Niche designer and manufacturer of air operated high pressure pumps, gas boosters, power packs, hydraulic control panels and test rigs
- Main market sector, oil and gas, but not dependent on deepwater sector
- Located in Altrincham, UK and Houston, Texas
- Prior year UK £4.0 million turnover £0.5 million EBITDA
- Well invested and UK business relocated to new premises in November 2010
- Order intake accelerating as growth returns to oil and gas market



Hydratron

- Previous owner remaining with the company until August 2012 to effect an orderly handover and develop the US market
- Group synergies
  - Assembly of upgraders for Chesterfield BioGas
  - Houston office will provide a US based sales and stock location for Al-Met



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## Outlook

- Process of diversification is transforming the Group:
  - New product and service developments progressed
  - Formation of Engineered Products Division through acquisition of Al-Met and Hydratron
  - Diversity giving a better balance to the Group
- Difficult first half 2011 for CSC with low activity in oil and gas sector with recovery anticipated from second half onwards
- Chesterfield BioGas and the Engineered Products Division growing in 2011
- Prospects:
  - Medium to long term prospects remain strong in the deepwater oil and gas sector at CSC
  - Pipeline of open quotations in CSC, interest in biogas products and growth of order book in Engineered Products Division very healthy
  - Further organic and acquisition opportunities