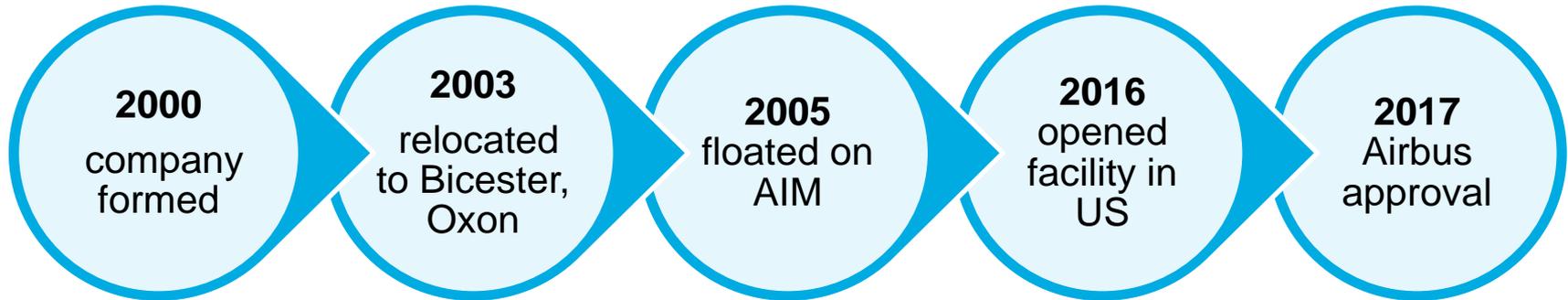




Growth & Innovation Forum 2019
29 January 2019

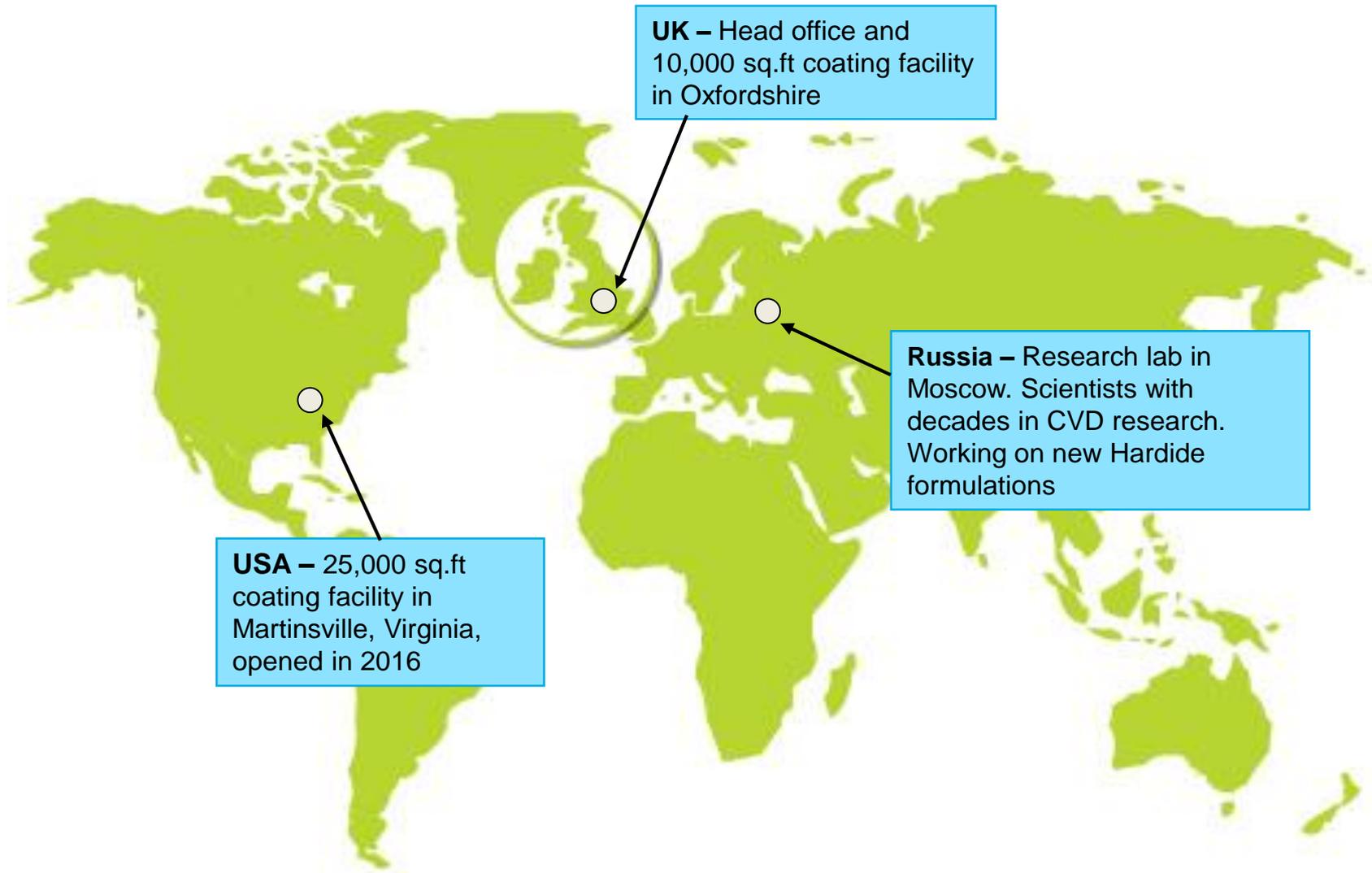
Philip Kirkham, CEO

History of Hardide

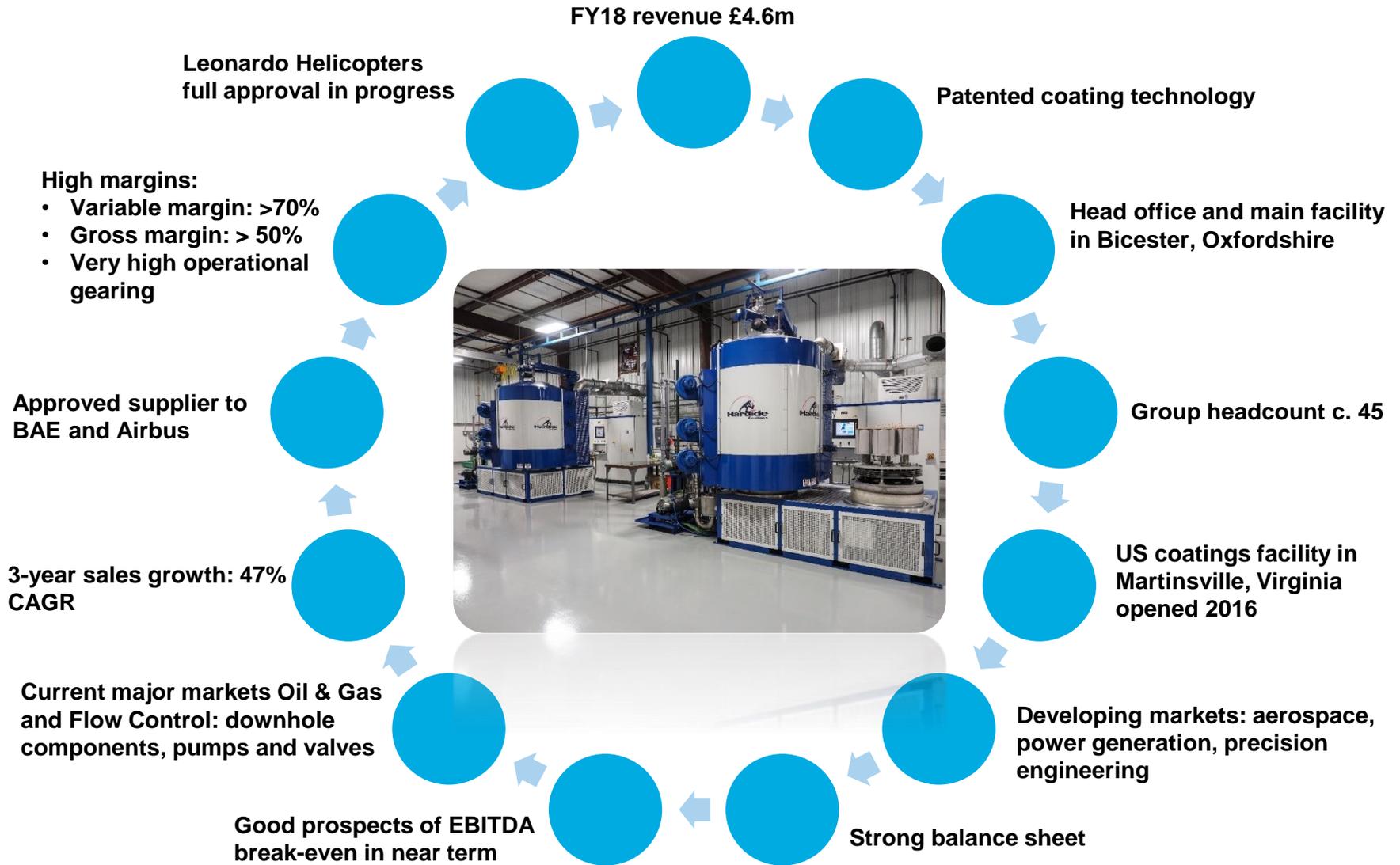


- Leading global innovator and developer of advanced Tungsten Carbide based metal coatings
- Strong IP portfolio: 5 patents registered since incorporation with a new and important patent pending for turbine blades

Hardide group facilities



Key facts



Key markets



Oil & Gas

- Used by leading oil & gas service providers – downhole, well stimulation and subsea applications

Flow Control

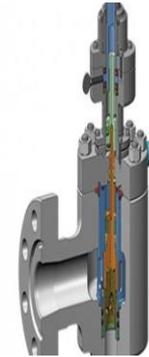
- Severe service pumps & valves for demanding environments

Precision Engineering

- Power generation, plastics extrusion, baggage X-ray machines, silicon wafer production

Aerospace

- BAE and Airbus approved, Leonardo approval in progress, multiple applications with other global aero players



Nano-structured tungsten carbide, metallurgical coatings that significantly extend the life of critical parts and tools. A CVD (Chemical Vapour Deposition) process creates an extremely hard, tough and thin layer with a number of advantages over competitor processes.

Superior wear & erosion resistance

Outperforms hard chrome by factor of 12 and cemented tungsten carbide by factor of 3

Chemical Resistance

Virtually pore-free structure provides very high protection against a range of corrosive and aggressive chemicals

Tailored Hardness

Gas phase of process allows precise control over hardness. Micro hardness of up to 4000HV can be achieved



Ease of Finishing

Only polishing required in contrast to expensive grinding with other technologies - especially with complex shapes

Internal Surfaces and Complex Shapes

Gas-phase deposition process allows uniform coating to form on internal surfaces and complex designs. This is not possible for HVOF, Plasma Spray, D-Gun or PVD Coating technologies

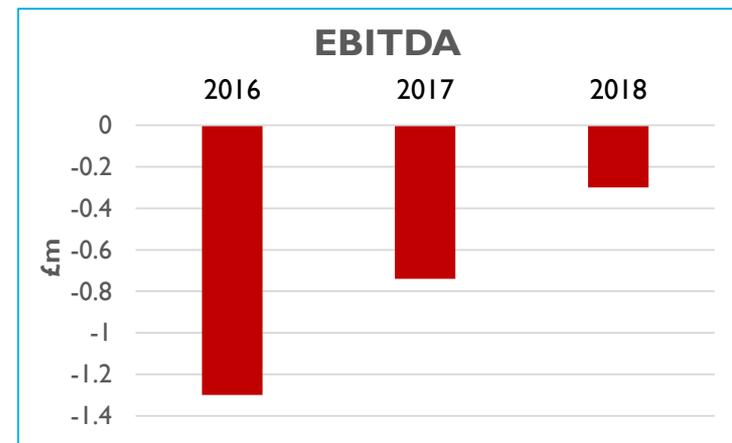
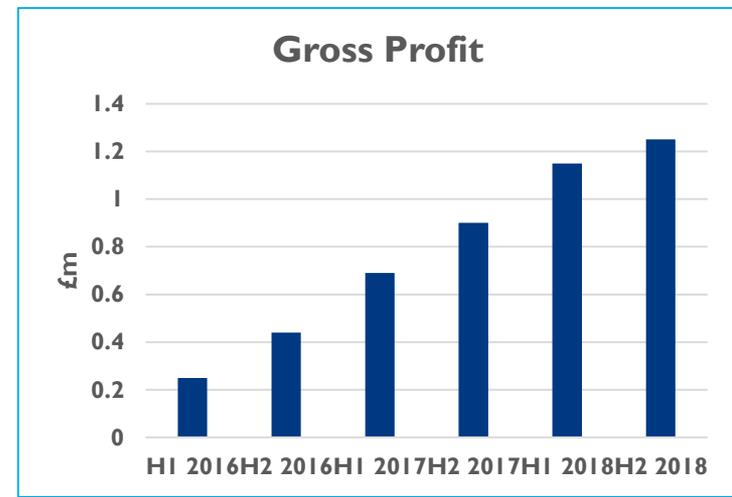
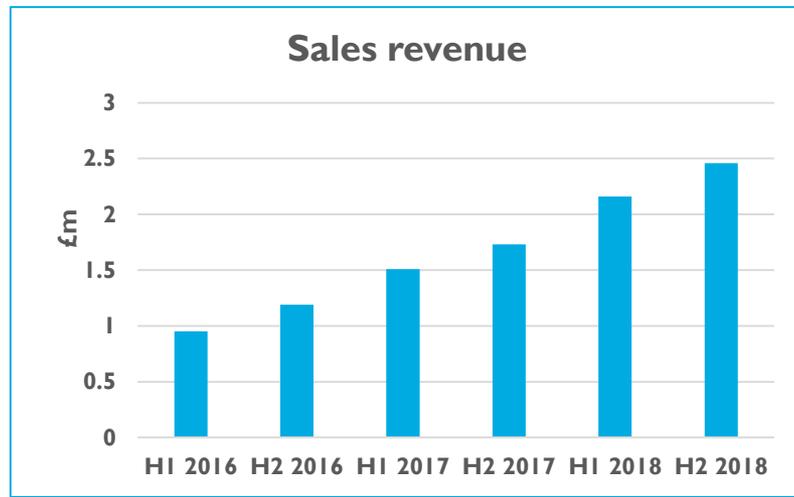
Toughness and Flexibility

Follows contours of substrate and has high flexibility – substantially reducing the risk of cracking under deformation

Coating Thickness

CVD process requires no binder, creating a less bulky structure than alternative technologies

Financial trends



Year on Year comparison

Sales grew strongly over the past three years (47% per year) but gross profit grew nearly twice as fast (87% per year) and fixed costs (production overheads + admin costs) grew at only 16% per year.

£m	2015/16	2016/17	2017/18	CAGR
Sales	2.14	3.24	4.61	47%
Variable Gross Margin %	67%	75%	73%	
Fixed costs of sales	0.75	0.85	0.97	14%
Gross Profit	0.69	1.58	2.41	87%
Gross Profit %	32%	49%	52%	
Overheads	1.99	2.33	2.71	17%
EBITDA	(1.31)	(0.74)	(0.30)	
'Fixed' costs	(2.74)	(3.18)	(3.68)	16%

Airbus

- Positive progress. Multiple components at final stage before production

Leonardo Helicopters

- Positive progress. Final stages before part approval on transmission system

Other Aerospace

- New interest from US aerospace companies - trials with Triumph Aerospace and others

Oil & Gas

- Two new major supply contracts in place
- Three new major customer applications

Flow Control

- Additional high volume components from the major pump customer

Precision Engineering

- Continuing demand for x-ray baggage screening machine parts
- Power generation turbine blade opportunities

North America

- Additional business development manager appointed
- Now 61% of Group turnover

- ❖ **A unique coating technology that fills a major gap in the range of competitors' coatings:-**
 - coats uniformly where others cannot:
 - complex shapes
 - internal as well as external surfaces
 - Coating facilities in UK and USA
- Strong revenue growth
- Large market size
- Solid position in oil & gas sector
- Verge of breaking into aerospace markets with Airbus, Leonardo Helicopters and others
- Power generation turbine blade market opportunities are huge

We continue to re-invest in the business and production facilities as our strategy is to make the company an attractive acquisition target

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