

PipeHawk PLC
AGM 12th December 2019

Agenda:

- QM Systems
- Thomson Engineering Design (TED)
- PipeHawk R&D
- Adien
- Wessex Acquisition



Innovation in Automation

QM Systems Progress (excl TED)

- Revenue achieved c£4.5M (c£5.2M Segment including TED)
 - Best year to date (best c£4M)
- Profit before tax and management charges c £330k (after tax c £540k)
- A progressive year
 - Strong order intake during the year
 - Average order size significantly increased
 - Excellent improvement in margin retention across broad spectrum of projects
 - A strengthened team, delivering in all areas
- Orders won during 2018/19 FY c£5.6M
- Order book carried from 2018/19 FY into current FY c£2.6M
- Orders won July 2019 – December 2019 c £3.3M
- Strong Pipeline with established and new clients

QM Systems Projects

- A wide mix of projects
 - Technical content
 - Project value
- Significant increase in Robotic Automation
 - Complex Robotic challenges with Toyota and Penso projects.
- Highly complex assembly system with Cox Powertrain CXO 300 production line
- Necessitated additional skillsets

QM Systems Service

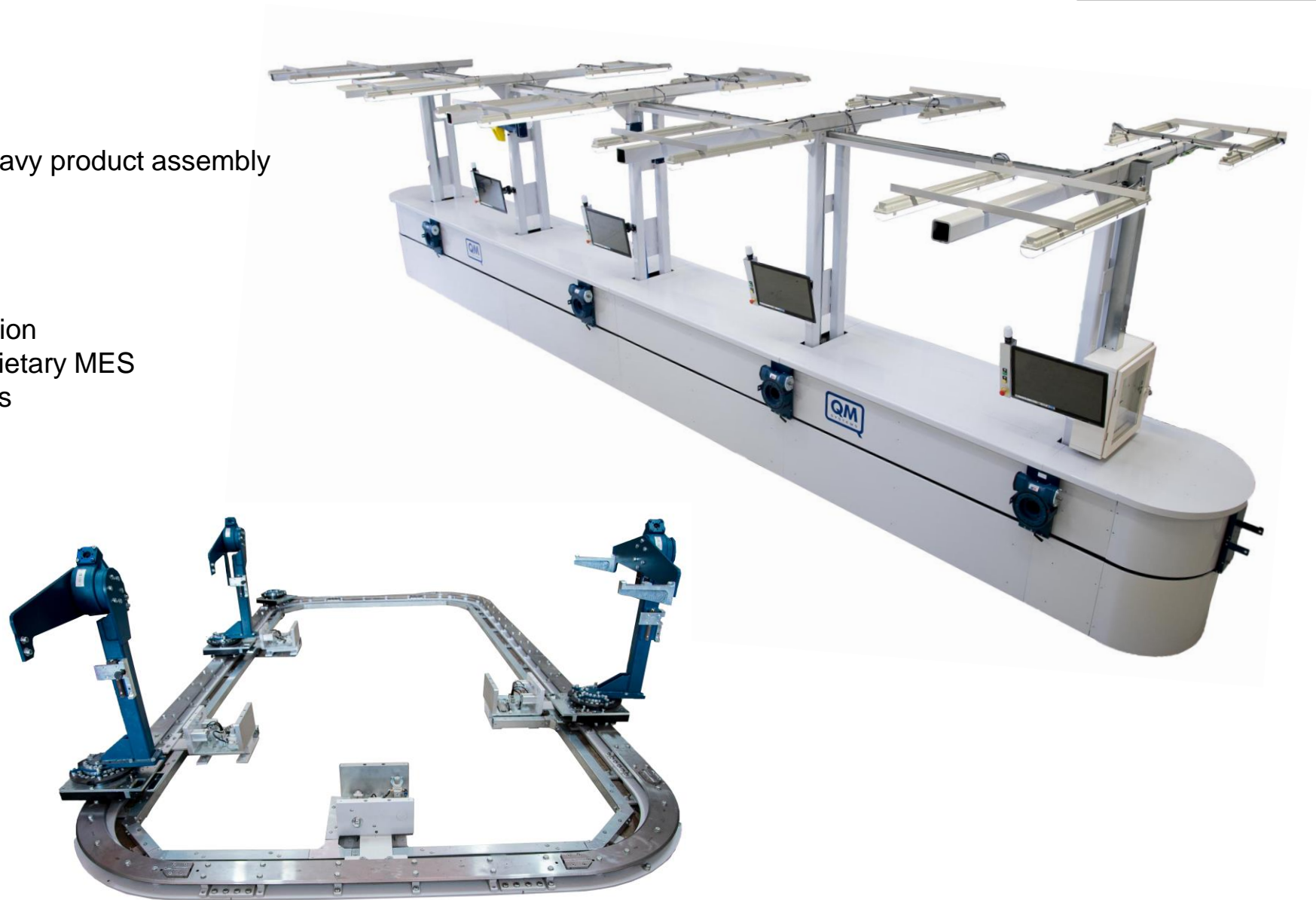
- Established a service business unit
- Recruited our first dedicated service engineer
- Larger projects warrant structured service aftercare

QM Systems Products

- Establishing a range of manufacturing products
- QMAC 1-3, automated tracked assembly cells
- Gimbalator G1, semi automated ergonomic fixturing
- Continued sales of our PERA systems
- Introduction of an interface system for Schlumberger (25 units shipped to date c £9k each)
- Continued sales and development of the QM Proprietary CAA (MES system)
- UK Integrator for Nadella motion systems (based in Italy)

Q- Mac 1-3

- Range of production systems for heavy product assembly (up to 400kg)
- Manual or powered versions
- Independently indexing
- Low friction, high efficiency
- Modular design allows easy expansion
- Supplied with or without QMS proprietary MES
- 8 systems sold within last 12 months



Gimbalator G1

- Adjustable height
- Foot operated engagement/disengagement providing hands free operation
- Flexible working positions
- Flexible mounting options
- Flexible operator positions
- Device is designed to present the workpiece to the operator in an ergonomic manner
- Robust structure with steel and aluminium with a premium finish
- Designed for heavy workload loads up to 100kg
- 50 sold to date circa £4k each



Schlumberger M-Link Test Box

- Originally Designed by QM Systems
- Manufactured by QM Systems
- Emulates transceivers utilised in down hole drilling applications to test drill head electronic devices
- Covers latest and legacy Schlumberger technology



Penso – Flava (Flexible Lightweight Architecture for Volume Applications)

- Started in January 2019, installed during summer 2019
- Flava project value – c£2.7M
- Phase 2, Luton variant – c£1M
- Fully automated Robotic Assembly of a Carbon Fibre, low weight structure
- Target Clients – Commercial Vehicle Operators (CVO's)
 - Grocery, white goods delivery etc.
- Significant reduction in vehicle unladen weight, improvement in fuel economy and increase in available payload.
- Increased product lifecycle
- First structure produced in November 2019
- Volume production starts Q1 2020

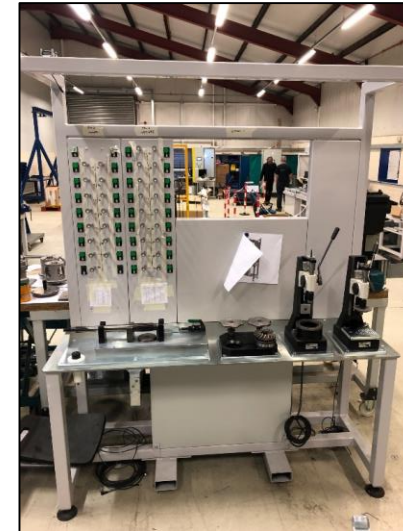


Cox Powertrain – Production Facility for CXO300 Diesel Outboard

- Complex project to deliver an assembly system for the building the entire unit (Powerhead, gearbox and mid section)
- Project value – c£1.8M
- Utilises our QMAC 3 for Powerhead Assembly
- Consists of assembly lines for:
 - Main powerhead assembly
 - Cylinder Head Assembly
 - Sub assembly benches
 - RTV Robot station
 - Gearbox Press
 - Gearbox Assembly
 - Gearbox predictive shimming
- Production launch January 2020
 - Final commissioning currently taking place
- CXO300 delivers best in class performance, approx. 25% improvement in fuel efficiency compared to Gasoline equivalent, smooth operation and greatly extended service life – ideal for commercial operators as well as leisure craft



Engine Assembly Line



Transmission Assembly Line

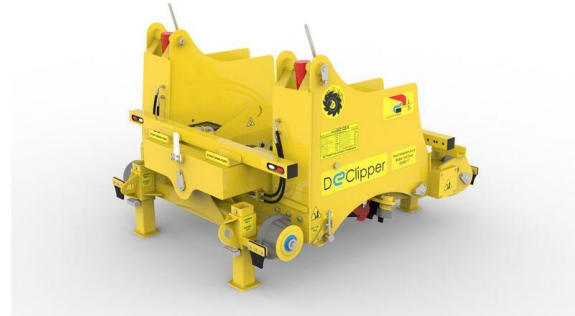
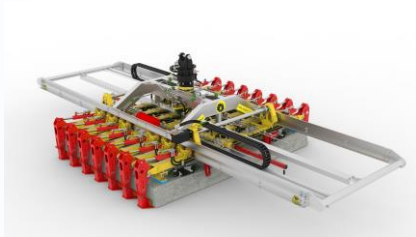
Thomson Engineering Design (TED) Progress

- Revenue achieved 2018/19 FY £681k
- £457k of this achieved in final 6 month period of 2018/19 FY
- Post Tax Profit of £4k for 2018/19FY
- Post Tax profit in final 6 months of 2018/19 FY c£80k
 - Greatly increased order intake as year progressed
 - Increase in average margin to over 40%
 - Orders worthy of note:
 - Quattro Plant 3 De-Clippers c£90k
 - L&W Contractors 7 Sleeper Spreader and De-Clipper c £70k
 - Sandhurst VPLC 5 TRLB20 c£55k
 - Export sales amounted to c£111k (c16%)
- Healthy orderbook entering 2019/20 FY
- Large order secured with an NZ client for c £200k during November 2019

Core Products



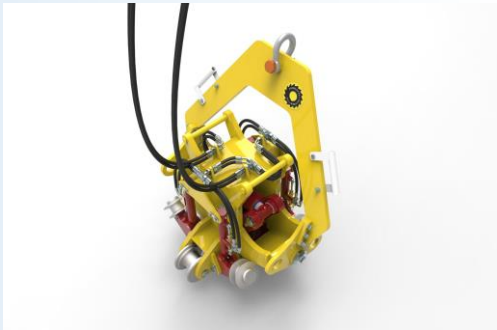
Sleeper Pack Grabs and Spreaders



E Clip De-Clipper



Manipulators



Rail Dragging and Threading

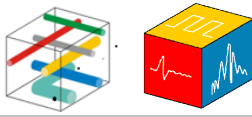


Manual Rail Manipulation



New Products

- Ballast Broom with Extraction
- Raven Manual Rail Mover



PipeHawk sales 2018/19FY

- Small growth to £192k Revenue achieved within 2018/19FY
- Very similar year to previous FY
- However Market spread quite different
 - Significant Increase in Asia sales
 - Increase in ROW sales
 - Significant decrease in European sales
 - Decrease in UK sales
- Brexit appears to impact Domestic and European Sales
- Other markets demonstrating continued growth

Home Market



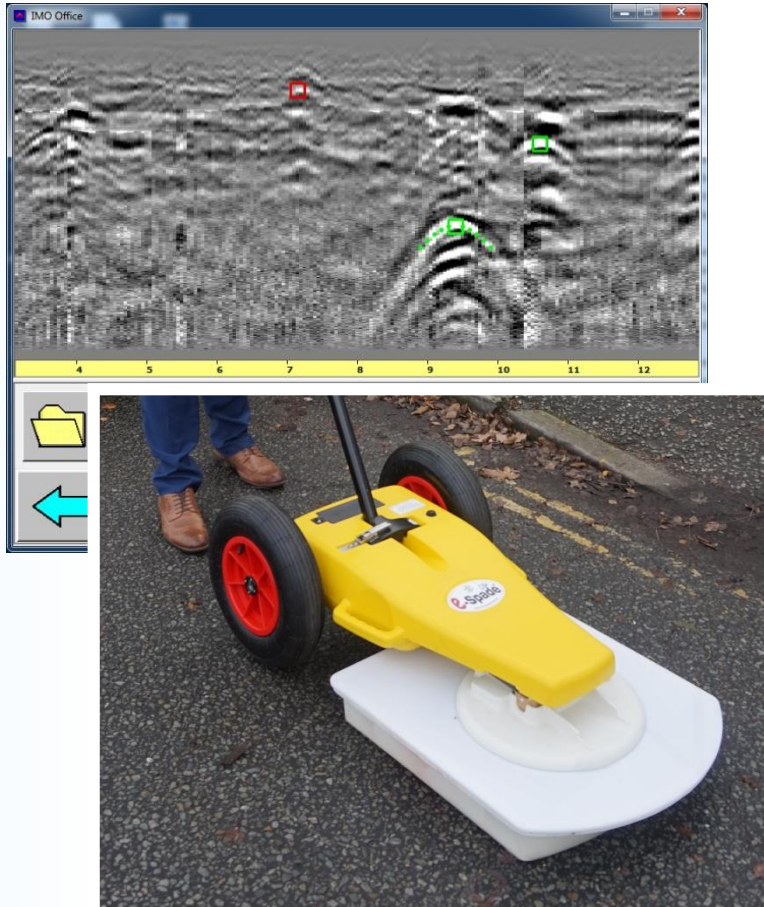
- Number of UK Construction and Utilities clients have major projects deferred and/or freeze on CapEx. until after BREXIT (now extended post Election)
- Significant rise in After Sales, Training & Servicing
 - All strong indicators that client loyalty remains buoyant.
- Fears over restricted access for EU goods have led UK resellers for EU based GPR manufacturers, to buy market share ahead of Brexit.

EU Market



- EU Resellers in Austria, Germany, and Spain all reporting resistance from clients to commit to purchase UK Goods amid fears over future warranty/servicing support issues.
- Small rise seen in servicing from EU prior to Brexit deadline likely to be a result of this.

Future Developments



- Update IMO software to add Hyperbola matching depth with recordable target facility will widen appeal of e-SpadeLite in Asia and the emerging South American market.
- Strong interest from Asia to widen product range is driving development of new “Deep” antenna for use with both e-Safe & e-SpadeLite products
- Expected Release Q1 2020

5G Mast Roll Out

- Mono have secured 6 of the providers contracts
 - Adien are currently engaged on the first of these
 - Contracts are all of significant value
- Sitec are another supplier
 - Adien currently on site surveying the initial phase
- WSP are the final supplier
 - Adien are on site undertaking the first phase of this contract
- 5G Mast Rollout will increase our volumes by 35% in 2020 and continue for 6 to 9 months

Whisky Distillers

- Adien have secured a framework with Chivas Brothers to survey all of their sites
 - This is a 3 year extendable programme
 - A significant investment by the Client
- Adien have a framework with Diageo to survey all of their premises
 - 5 year contract with large value potential

Stats Provision Service

- Adien are trialling a new service which was previously outsourced on a subcontract basis
- The requesting and provision of the Statutory undertakers records (Stats)
- This service is currently offered by a small number of providers and is another profit source
- Adien are now able to offer this service on a limited basis to our key clients
- To expand on this will require additional staff
- Enables Adien to continue to build a “one stop shop” approach to provide client information

Wessex Acquisition

- Wessex Precision Instruments acquired in Q4 2019
- Manufacturer of a range of Slip Test Equipment
 - Tortus
 - Pendulum
 - Ramp Test
 - Accelerated Polishing Machine (APM)
 - Polished Paving Machine (PPM)
- Sell on a Global basis
- Significant markets
 - Asia Pacific
 - Europe
 - North America
 - UK
- Annual turnover c£350k today, breakeven position
- Potential
 - New and updated products
 - Additional Markets
 - Service Business



Thankyou For Your Time