

tpgroup



Annual results 2019

May 2020

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/ About TP Group

TP Group is a global leader in consulting, digital solutions and engineering services across the full lifecycle of defence, space and energy programmes. With world class innovation, expertise and experience, TP Group employs approximately 450 people in six countries, with customers in more than 30 countries across three complementary domains:

- **Consulting**, working in partnership with national government bodies, international institutions and global prime contractors on enterprise transformation, feasibility analysis, system engineering, programme delivery and support.
- **Digital Solutions**, developing mission and safety critical systems, software tools, artificial intelligence and decision support for autonomous navigation, constellation management, collision avoidance, resource optimisation, intelligence analysis and asset management.
- **Bespoke Engineering Solutions**, including life-support systems in critical workspaces, hydrogen-based renewable energy solutions, water purification, rugged electronics for harsh environments and precision engineering of high-integrity equipment.

TP Group works globally with governments, institutions and leading commercial businesses to add value and deliver successful programmes on land, sea, in the air and in space.

TP Group is a trusted partner for innovation and delivery, worldwide.

/ Resilient in the face of COVID-19

Throughout the COVID-19 outbreak we have continued to operate at a sustainable level across the whole business.

Our approach has focused on:

- protecting the health and wellbeing of staff and their families
- sustaining the level of business activity on customer projects
- working with customers on renewals, extensions and new business opportunities
- managing investment in operating expenses and capital equipment where necessary
- maintaining a healthy cash balance supplemented by a new £7m banking facility
- protecting the long-term value of the business for investors

We participate in global multi-year strategic programmes with government and institutional customers committed to supporting this work. This provides assurance of our business continuity.

/ COVID-19 operational responses

- Sites are open to fulfil customer obligations and we are working closely with customers to manage deliveries and cash receipts
- We are also working with customers to manage and minimise any potential risks to the timing of future contract renewals or placements
- Sites are operating with appropriate controls and disciplines with the minimum number of staff attending - all other employees working from home
- More than 80% of closing 2019 order book was linked to work for government and international institutions and major prime contractors - many of these have publicly committed to continuity of programmes and support of the relevant supply chains
- The £7m banking facility has been fully drawn to insulate the business against any potential COVID-19 impacts - note that the Group's current cash flow forecast indicates that none of these funds will be required to support the Group's ongoing operational activities
- Despite the resilience of the business, it was deemed prudent to withdraw market forecasts given the highly uncertain impacts of COVID-19

/ TP Group - 2019

An engineering and services business, working to make the world a safer place.

> 400 highly skilled individuals across six European countries.

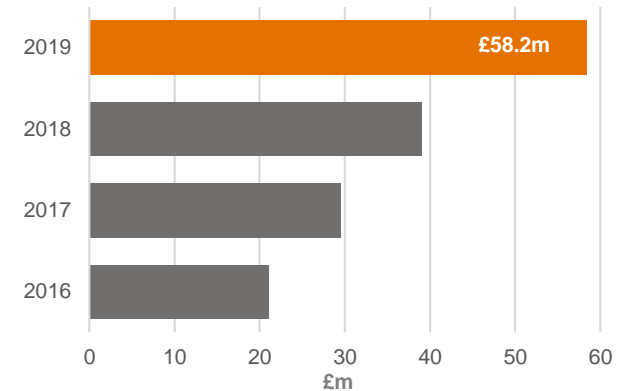
High growth sectors - Defence, Space and Energy.

Two business units (CaPS and T&E) migrating to three value streams – Consulting, Digital Software & Bespoke Engineering.

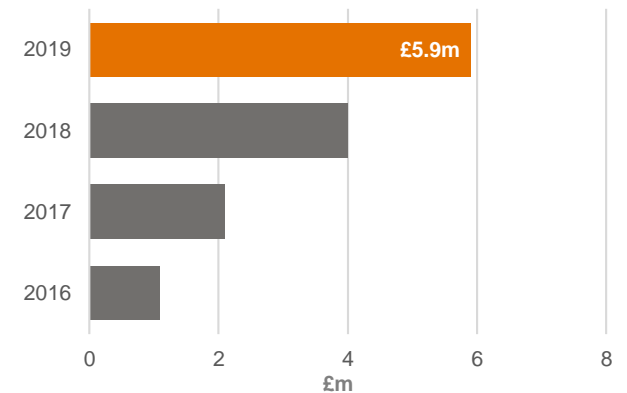
Profitable and growing - significant revenue visibility through long term multi-year contracts, a significant order book and future business pipeline.

Our strategy is to leverage our expanding geographical footprint, invest in our capabilities, and develop external partnerships and acquisitions to continue delivering shareholder value.

Revenue



Adjusted operating profit



/ 2019: Key operational highlights

Executing the Group strategy by focusing on:

Organic growth - winning contracts and deepening relationships with key customers

- Defence contract for advanced packaged equipment worth £16.9m over two years
- Contract with GE Baker Hughes for nuclear condensers worth £6.4m
- Contracts for consulting support to military satellite programme worth c. £3.0m

Technology transfer - proven technologies applied to new uses with careful investment and combining Group capabilities to meet new requirements.

- Invested >£1m to support AI development in the UK and the Netherlands.

Acquisition - targeting businesses with a strategic fit to better serve existing and new customers.

- Acquired Sapienza in May, a pan-European space services and software company, adding new customers including the European Space Agency, NATO and Airbus to our key accounts



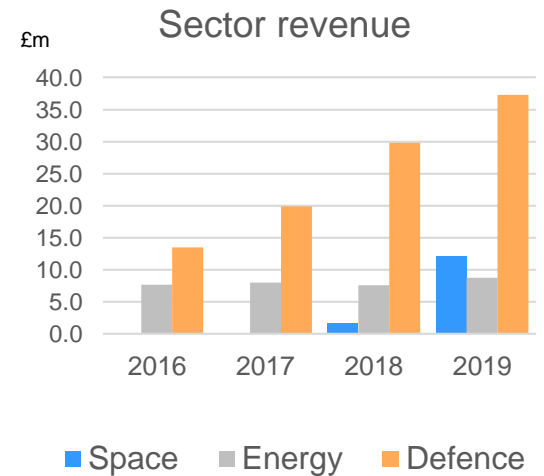
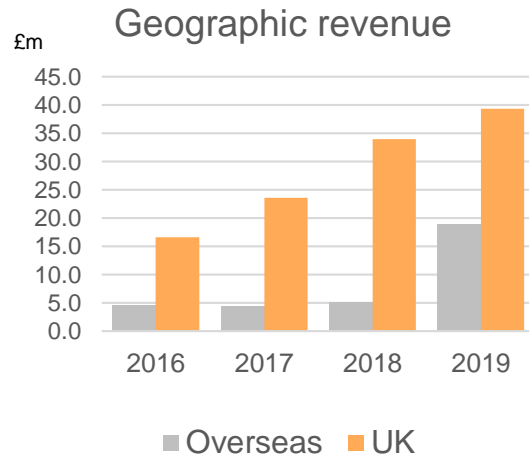
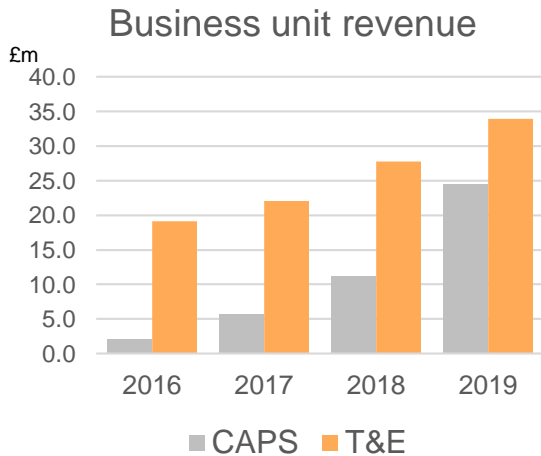
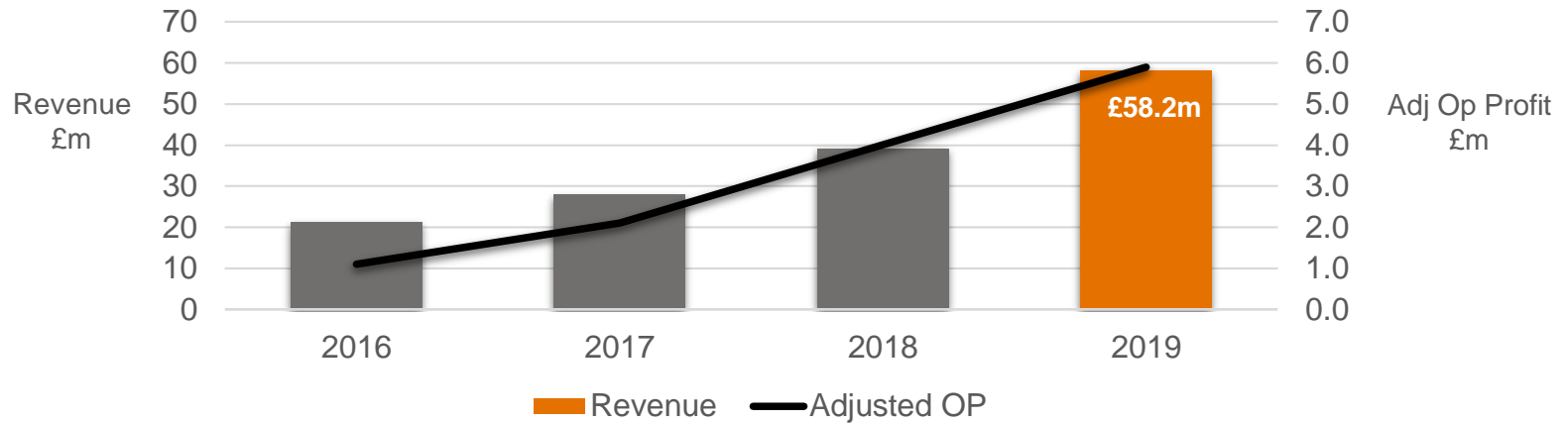
/ 2019 Key financial highlights

Group revenue	Adj. operating profit ¹	Group closing order book	Closing cash
£58.2m	£5.9m	£63.8m	£6.6m
2018: £39.0m	2018: £4.0m	2018: £48.2m	2018: £22.4m

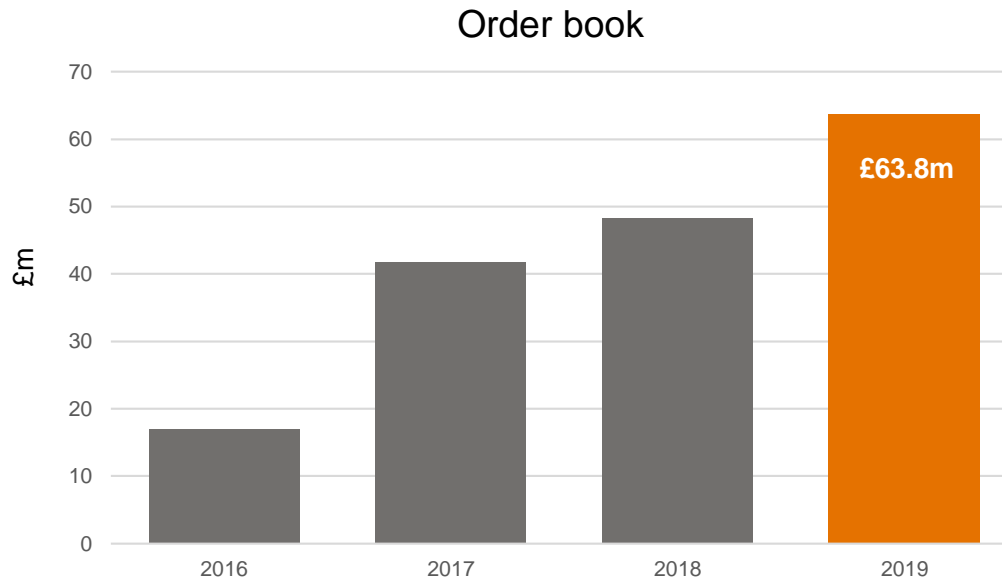
- **Revenue up 49% to £58.2m** – organic growth £6.2m (c. 16%) and added £13.0m revenues from acquisition of Westek and Sapienza (c. 33%)
- **Adjusted operating profit up 48% to £5.9m** – organic growth of £1.1m (c. 28%) plus £0.8m of growth through acquisition of Westek and Sapienza
- **Order intake up 71% to £73.8m** (2018: £43.2m) - organic growth of £8.4m (c. 20%) plus £15.0m order book acquired with Sapienza and £7.2m new orders from Westek and Sapienza
- **Closing order book up 32% to £63.8m** - provides significant visibility of planned 2020 revenues
- **Closing cash balance of £6.6m** - after acquisition of Sapienza and further investment in business

/ Business evolution

4-year growth profile



/ Significant and growing order book



Growing order book provides substantial confidence in forecast revenue plans

- Closing order book provides substantial coverage of 2020 and 2021 revenues
- c. 50% of 2019 closing order book converts beyond 2020
- Amassed >£200m sales opportunities

/ Consulting & Programme Services (CaPS)

Consulting - advising on technology strategy and solution implementation

- Concept and feasibility study
- Operational and digital transformation
- Programme delivery and support

Digital solutions

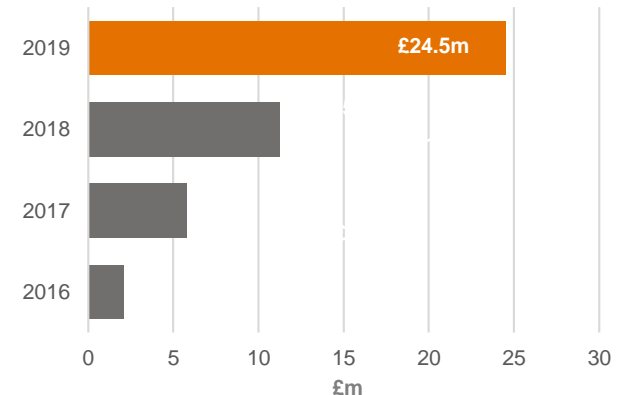
- Applied artificial intelligence
- Digital services implementation and management
- Critical software development



Services for highly regulated industries, mission- business- and safety-critical environments

- Customers include national and international organisations in defence and space – e.g. Airbus, Thales, NATO, ESA and MoD
- Significant visibility through multi-year contracts
- Agile workforce able to respond to customers' needs

CAPS revenue



/ Technology and Engineering (T&E)

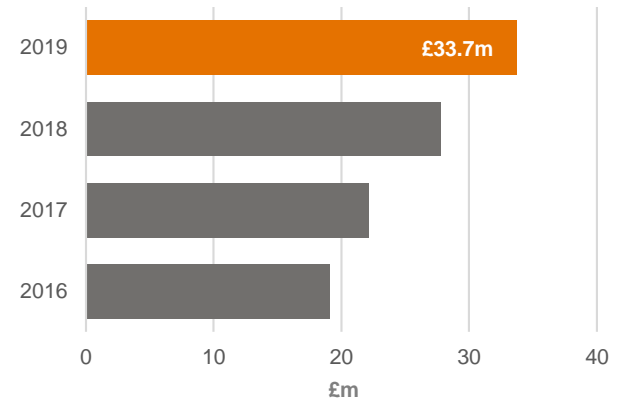
Bespoke engineering - mission-critical equipment in defence, space and energy sectors

- Life-support systems (oxygen and CO₂ management)
- Renewable energy solutions (hydrogen systems)
- Rugged electronics
- Precision engineering

Systems for highly regulated industries

- Working with international prime contractors and equipment operators including BAeSystems, Naval Group, TkMS and Petrolneos
- Go-to technology on long-term programmes (>25 years)
- Full support over the equipment life – including multi-million pound maintenance and asset management revenues
- Significant visibility through multi-year contracts

T&E revenue



/ Geographic reach and customers



THALES



NAVAL GROUP

QinetiQ

BAE SYSTEMS



KPMG

INEOS

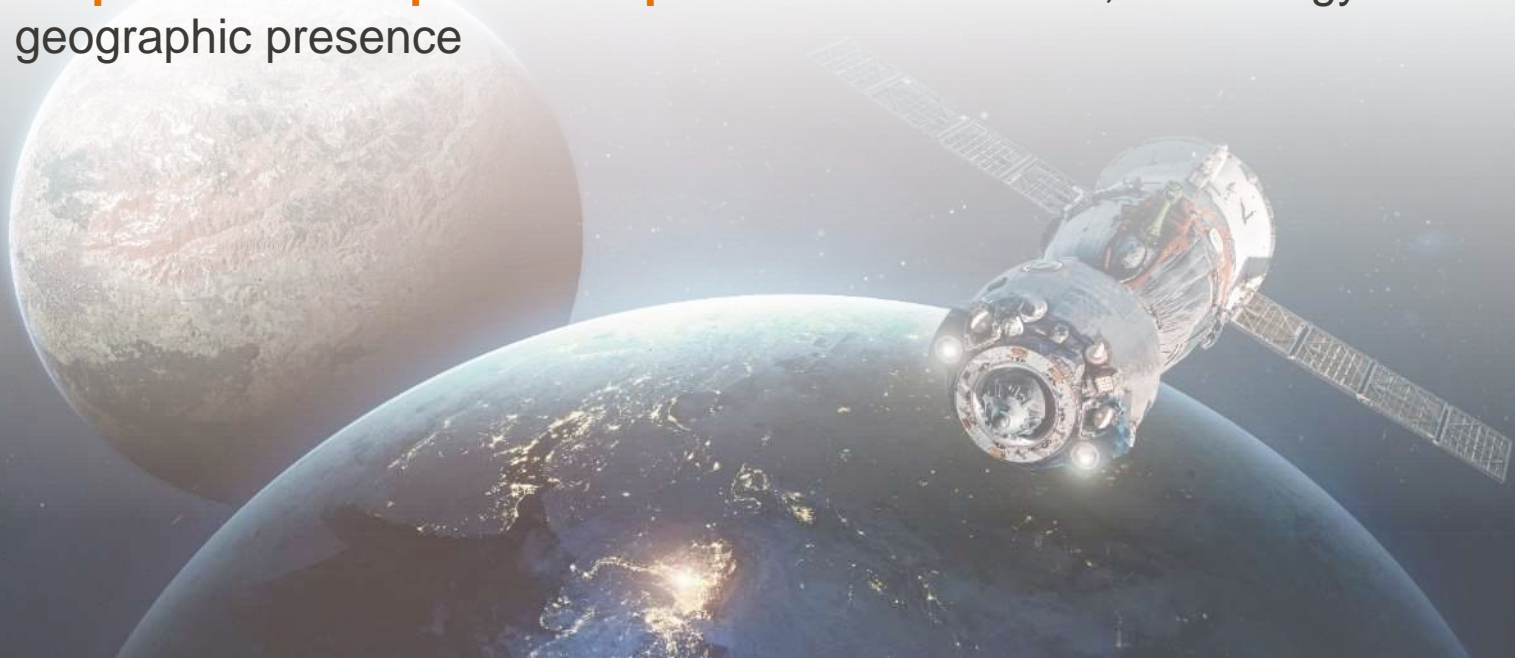
GENERAL DYNAMICS
Mission Systems



/ Evolving the business

Aiming to become a global systems and solutions provider in our chosen markets and technologies through:

- **Organic growth** - continuing investment to build upon our world-class capabilities and people
- **Technology transfer** - apply existing expertise to new opportunities
- **Acquisitions and partnerships** - extend our reach, technology and geographic presence



/ Organic growth of core business

Ongoing investment in capacity, people and products

- Already invested c. £3m over 3 years across the business
 - Updated equipment and tooling to enhance capabilities
 - Enhanced the Group's IT systems to ease integration and decision-making
- Ongoing investment in people and process:
 - To strengthen our senior management across the business to capitalise on commercial opportunities
 - Boosted sales team and agents network to engage customers globally
 - Employee training and development at all levels of the business

Leverage business integration

- Successful integration of acquired businesses Polaris, Westek and now Sapienza
- Collaboration across the teams to support each other and cross-sell into the full span of markets and geographies



/ Technology transfer for innovation

Investment in new propositions

- Renewable energy systems
 - Re-engineered submarine life support systems to convert surplus renewable electricity to produce hydrogen from water
- Life-support systems
 - Produce oxygen on demand in healthcare environments
 - Investing in new solutions to manage CO₂ outside our traditional markets into industry, space capsules and small submersibles
- Applied Artificial Intelligence (AI)
 - Decision support tools to support critical asset management
 - Advanced algorithms for self-determined routing for autonomous military and space assets
 - Decision support to accelerate scanning of text streams so intelligence agencies can identify security threats



/ Acquisitions and partnerships

Strategy to broaden international reach, customers and capabilities

- U.S. - defence, energy and aerospace markets present multiple opportunities for all our value streams
- Add expertise to fill gaps in current solutions and services, or extend our portfolio
- Build upon existing strengths and capabilities
 - to include modelling & simulation / emulation / space systems / autonomous equipment



/ Summary and outlook

TP Group is **a resilient business** serving an international, high-value client base with multiple-year contracts

Strong financial progress delivered through investment in core operations and selective acquisitions

Closing order book of £64.6m with a pipeline of **over £200 million of new business** opportunities currently being pursued

Well-positioned to capitalise on **substantial opportunities** in key markets and geographies

These results, with the market opportunities presented offer confidence in the business to deliver shareholder returns.

tpgroup

Innovation / Trust / Delivery

