



Growth & Innovation Forum 2020
11 February 2020
Peter Davenport, Finance Director
Dr. Yuri Zhuk, Technical Director



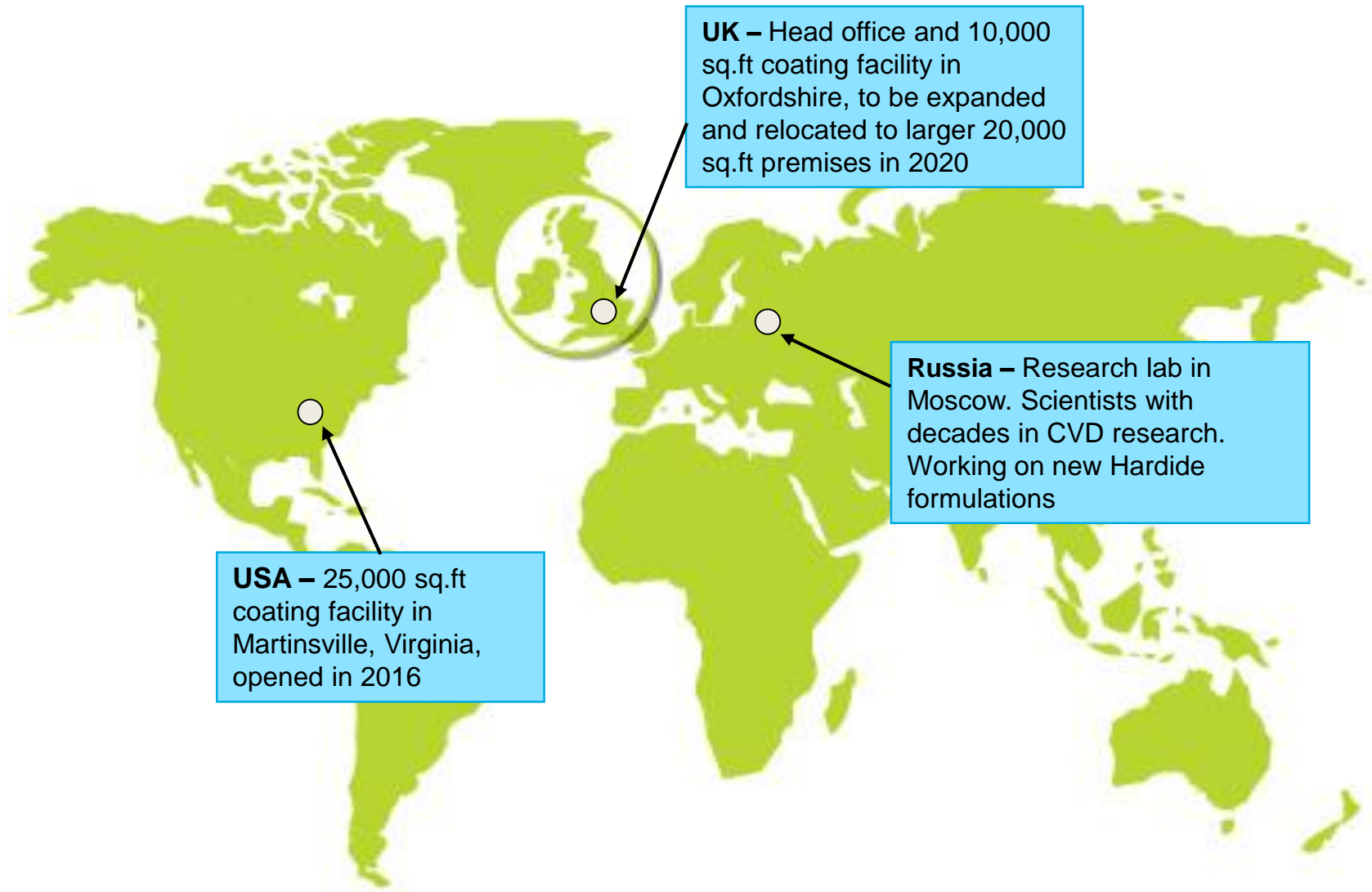
- **developed and commercialised patented CVD tungsten carbide nano-structured coating** with a unique combination of properties;
- **the coating does what others can't:** coating complex shapes, both inside and outside and non-line of sight areas;
- **provides B2B coating service** from sites in Bicester, UK and Virginia, USA;
- **customers and developments:** all major oil service companies, GE, Airbus, BAE Systems, Leonardo Helicopters, EDF Energy;
- **listed on LSE AIM;**

Hardide™ Coating Technology



- Coating is crystallised atom-by-atom from gases by Chemical Vapour Deposition (CVD);
- 250x greater wear resistance than steel;
- Protects against corrosion, acids and sour oil H₂S;
- Coated parts last 3x to 100x times longer;
- Hardide enables high-value manufacturers make globally competitive products, differentiated in terms of quality, performance and life-cycle costs.

Hardide group facilities



Key markets



Oil & Gas

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

Flow Control

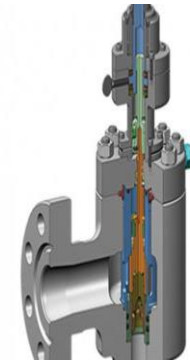
- Severe service pumps & valves for demanding environments

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



Next target market: Power generation



- Huge market size
- Hardide coating protects turbine blades against erosion, improving generation efficiency, cutting CO₂ emissions per kWt*Hour
- Testing programs well-advanced with EDF and several leading turbine producers
- UK patent granted, international patenting in progress

The market

The UK's engineering coatings industry is worth over £11bn pa and affects products worth £140bn.¹ Among these the traditional coatings which Hardide can potentially replace had the following values in 2010¹:

	The UK market values in 2010	AGR %
PVD & CVD coatings	£57M	4.6%
Hard Facing/Thermal Spraying	£267M	4.0%
Electroplating (incl HCP)	£3,015M	5.6%
TOTAL:	£3.34 Billion per year	

The UK GDP is 4.3% of world's, the estimated global market is 10x bigger.

¹ Source: SEA report "The UK Surface Engineering Industry 2010" by R J Artley and A Matthews.

Airbus

- Positive progress. Selected for two A380 and A330 wing parts, multiple further 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
- Strong pipeline of further applications

Flow Control

- Additional high volume components from the major pump customer gave 90% increase in the sector turnover

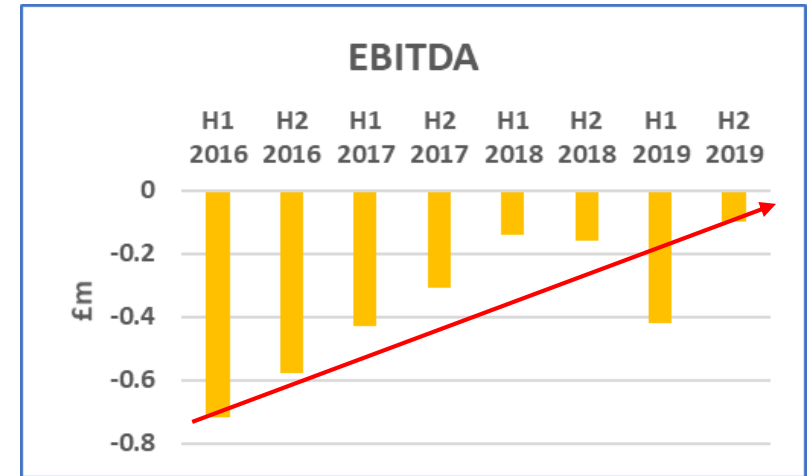
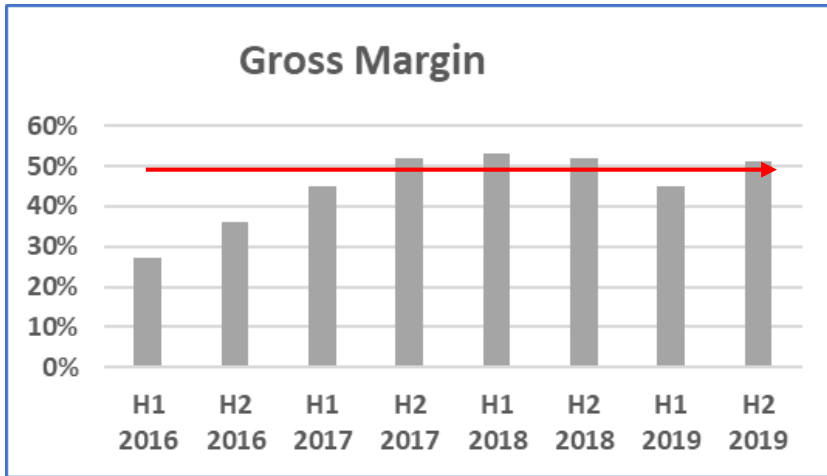
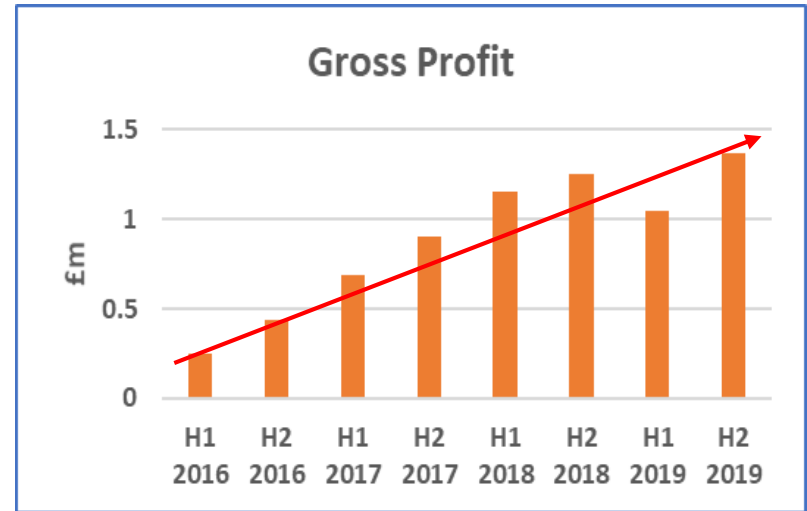
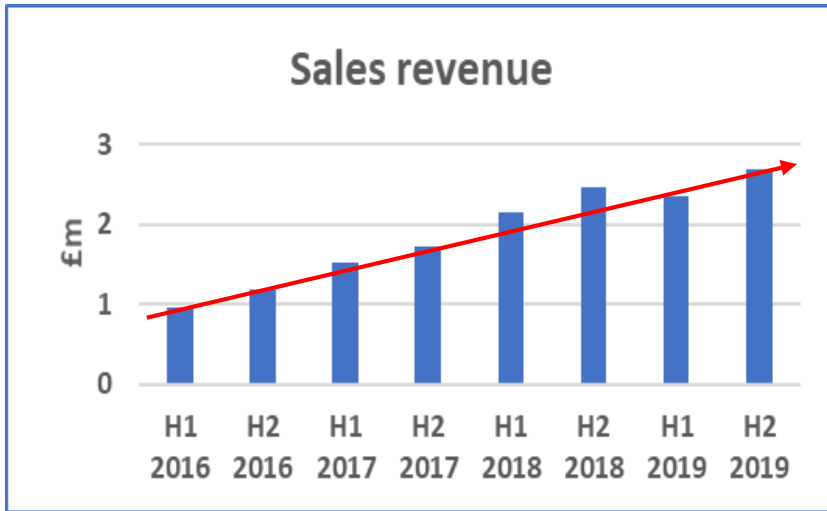
Precision Engineering

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

North America

- Second US business development manager recruited in 2018
- Now 65% of Group turnover

Financial Trends



EBITDA for H2 2019 excludes costs associated with the new site

Year on Year comparison

Sales grew strongly over the past four years (33% per year) but gross profit grew significantly faster (52% per year) and fixed costs (production overheads + admin costs) grew at only 15% per year.

£m	2015/16	2016/17	2017/18	2018/19	CAGR
Sales	2.14	3.24	4.61	5.05	33%
Variable Margin %	67%	75%	73%	70%	
Fixed costs of sales	0.75	0.85	0.97	1.12	14%
Gross Profit	0.69	1.58	2.41	2.42	52%
Gross Profit %	32%	49%	52%	48%	
Overheads	1.99	2.33	2.71	3.04	15%
EBITDA	-1.31	-0.74	-0.3	-0.62	
'Fixed' costs	-2.74	-3.18	-3.68	-4.16	15%

❖ **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
- Enables blue-chip engineering companies make globally competitive products

- Strong revenue growth
- Strong balance sheet
- Large market size
- Solid position in oil & gas sector
- Breaking into aerospace markets with Airbus, Leonardo Helicopters and others
- Power generation turbine blade market opportunities are huge
- Relocating to new, larger premises with new production equipment for future growth

Recent oversubscribed fundraising ensures we continue to invest in business development and production facilities

Thank you for listening !
Meet us at Stand 18

Disclaimer



This document is for information purposes only and does not constitute or form part of, and should not be construed as, an offer, invitation or inducement to purchase or subscribe for any securities nor shall it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment. This document does not constitute either advice or a recommendation regarding any securities of Hardide plc (the **Company**). The Company's issued share capital is admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. The AIM Rules are less demanding than those of the Official List. Prospective investors should be aware of the risks of investing in such companies and are reminded that the price of securities can go down as well as up and that liquidity in the market for the Company's ordinary shares cannot be guaranteed. Any decision to invest in the Company should be made only after careful consideration and, if appropriate, consultation with your own stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (**FSMA**) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

The contents of this document are strictly private and confidential and, accordingly, its contents must not be published, reproduced, copied or disclosed to any person other than the recipient's professional advisers and then only on condition that those professional advisers maintain the confidentiality of this document. The recipient agrees to return this document to the Company promptly on request, together with any other materials provided to it in connection herewith, without retaining any copies. Each recipient should (if applicable) make its own independent assessment of the merits or otherwise of acquiring shares in the Company, take its own professional advice and rely solely upon its own enquiries and investigations. The information contained in this document does not purport to contain all the information that a recipient may want or require in investigating the Company and is not intended to inform or be relied upon by any purchaser of ordinary shares in the Company (whether on or off exchange). Accordingly, to the extent permitted by law, no duty of care is accepted by the Company or its directors.

Unless specifically attributed to another source, any targets, forecasts, estimates and projections contained in this document have been prepared by the management of the Company and involve elements of subjective judgement and analysis which may or may not be correct. In addition, some of the statements contained in this document or in documents referred to in it are or may be forward-looking statements. Actual results may differ from those expressed in such statements, depending on a variety of factors. Any forward-looking information contained in this document has been prepared on the basis of a number of assumptions that may prove to be incorrect, and accordingly, actual results may vary. The information set out herein may be subject to updating, completion, revision, verification and amendment (without notice) and such information may change materially.

Neither the Company nor its advisers nor any of their respective directors or employees or any other person makes any representation or warranty, express or implied, as to the accuracy or completeness of the contents of this document or of any other document or information supplied at any time by the Company. In particular, but without limitation, no representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any assumptions, targets, forecasts, projections, estimates or prospects with regard to the anticipated future performance of the Company. No responsibility or liability is accepted by any such person for any errors, misstatements or omissions in this document or any other such document or information. The exclusions set out in this paragraph do not extend to an exclusion of liability for, or remedy in respect of, fraudulent misrepresentation. Neither the Company nor its respective advisers or any of their respective directors or employees or any other person shall be obliged to provide any recipient with any further information or to update this document or correct any inaccuracies that become apparent. Any investment in the Company is speculative and necessarily involves a high degree of risk. This document may be communicated to, and is only directed at, persons in the United Kingdom and/or any other persons to whom communication may otherwise be lawfully made (together being, **relevant persons**). This document must not be acted on or relied upon by any persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons. For the purposes of section 21 of FSMA, this document constitutes a financial promotion which has been issued by the Company, the content of which is exempt from approval by an authorised person by virtue of articles 28A and/or 69 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Use of this document other than in accordance with any such restriction is not permitted and may contravene FSMA.

Any recipient of this document, to whom communication of it is not lawful, should return it to the Company immediately. Neither this document nor anything contained herein shall form the basis of, be relied on, or act as an inducement in connection with, any offer or commitment whatsoever. In particular, this document and the information contained herein are not an offer of securities for sale in the United States and are not for publication or distribution to persons in the United States (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended).