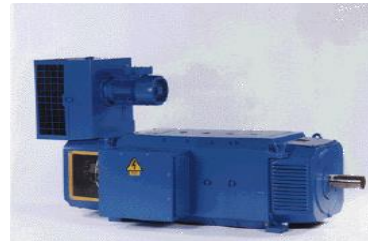
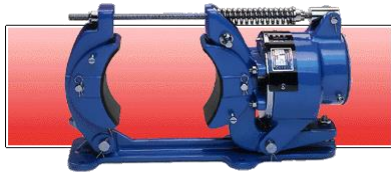




Brook Crompton UK Ltd – Proposed Acquisition of ATB Special Products Division



Richard Eason  
CEO Brook Crompton Holdings Ltd  
28<sup>th</sup> June 2022



## Executive Summary – ATB Special Products

- ***A Pearl in a Puddle of Mud***
  - Unique position in the current electric motor manufacturing sector
    - Engineered solutions that can be supplied in smaller quantities
    - High gross margin on key main manufactured products contributes to
  - Well established in its core segments
  - Cash Positive, profitable, growth restricted through underfunding
  - No Dedicated Sales Team or distributors, lost in the wider picture within ATB UK
- Great potential to utilise synergies with BCH for profitable growth

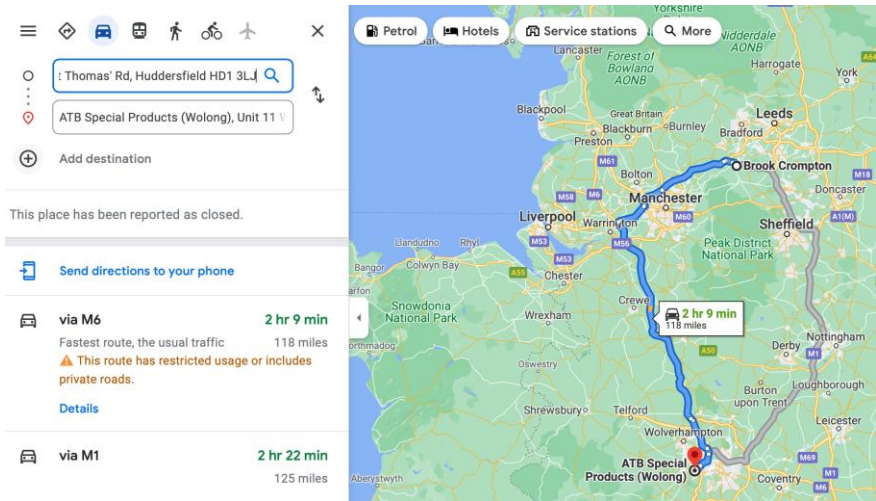


## Executive Summary – BCH Advantages

- BCH faces challenges:
  - Market starting to view BC as a ***distributor*** and not a ***manufacturer***
  - To continue to command respect and the traditional margins, BC must demonstrate its position as an ***innovative manufacturer***
  - Supply chain challenges require BC to be able to offer ***dynamic responses to customer demands***
    - ***Stock and stock modifications***
    - ***Semi engineered solutions using stock components***
  - Possible Solutions Include:
    - a) Invest in machinery, facilities and people
    - b) Invest in an established business with clear synergies with BC



## Brook Crompton UK Ltd – Proposed Acquisition of ATB Special Products Division – History



- 1920 Established as British Thomson Houston Ltd
- 1989 acquired by Brook Crompton
- 2010 divested by Brook Crompton to ATB Group as part of restructuring to support BC regeneration as a Distribution based business
- 2022 June Proposal by BC UK to acquire the assets of ATB Special Products



Brook Crompton UK Ltd – ATB SP Synergies with BCH Existing Business

- Approx. 46% of business through same channels (in UK often same customers) as BC
- Global Export business in areas where BCH has own team or distributors
  - Africa, Australia, Canada, Malaysia, USA
- Business is cash positive, profitable, well established in its core segments
  - Core product lines have good margins, Costs consistent year on year

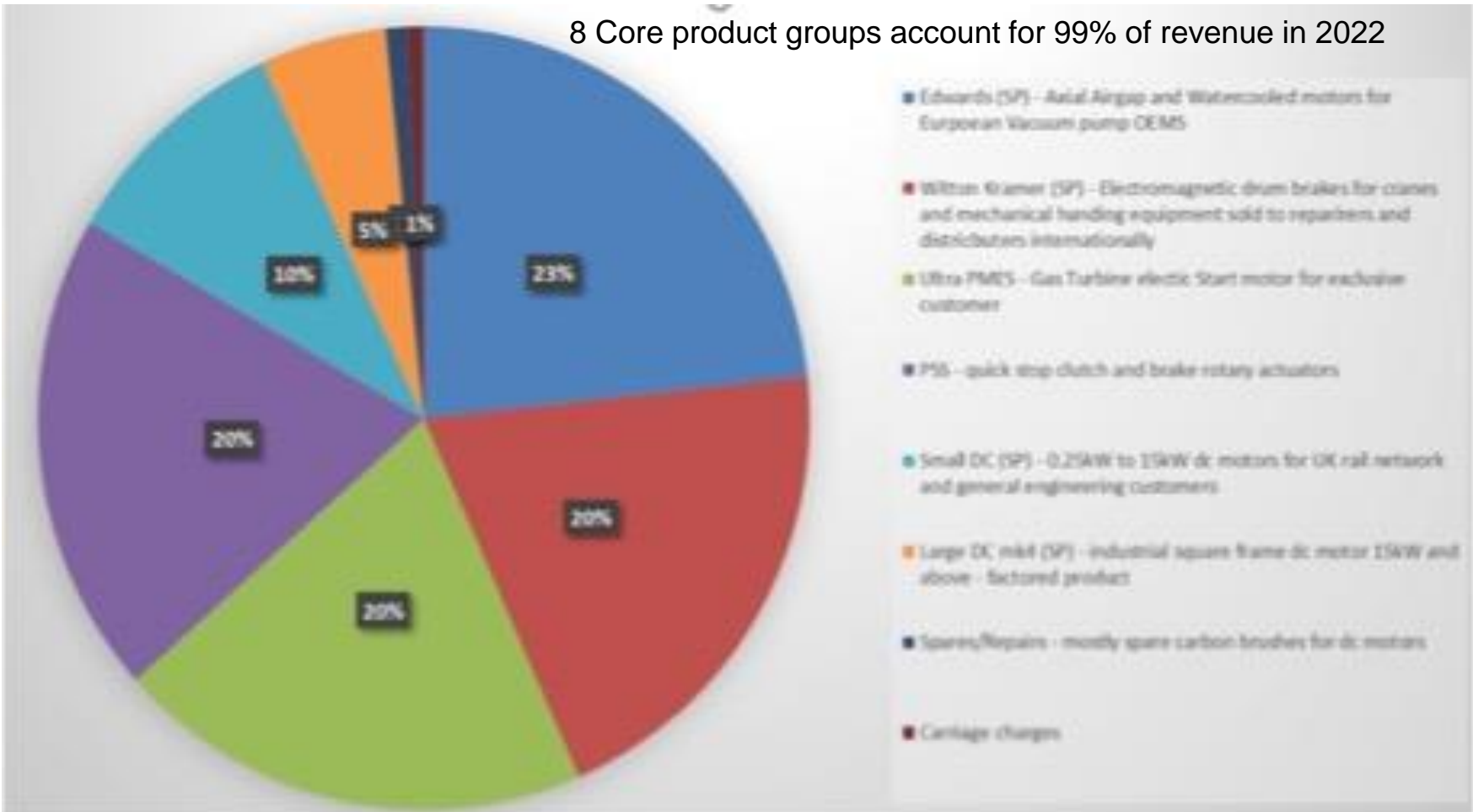


ATB SP core customers 2022



Brook Crompton UK Ltd – Synergies with BCH Existing Business

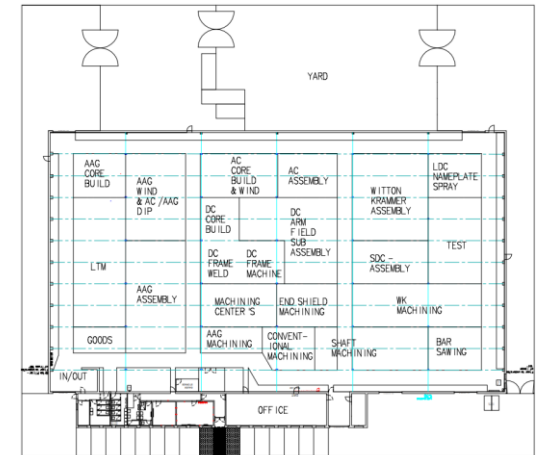
8 Core product groups account for 99% of revenue in 2022





## Brook Crompton UK Ltd –Challenges under ATB Group Management

- No dedicated sales team or business development team for ATB SP
- Workshop space underutilised, potential to increase output by approx. 35%
- Business has no control of its' own cash
  - Underfunded
  - Positive cashflow used to support ATB other UK plants





Brook Crompton UK Ltd –Challenges under ATB Group Management

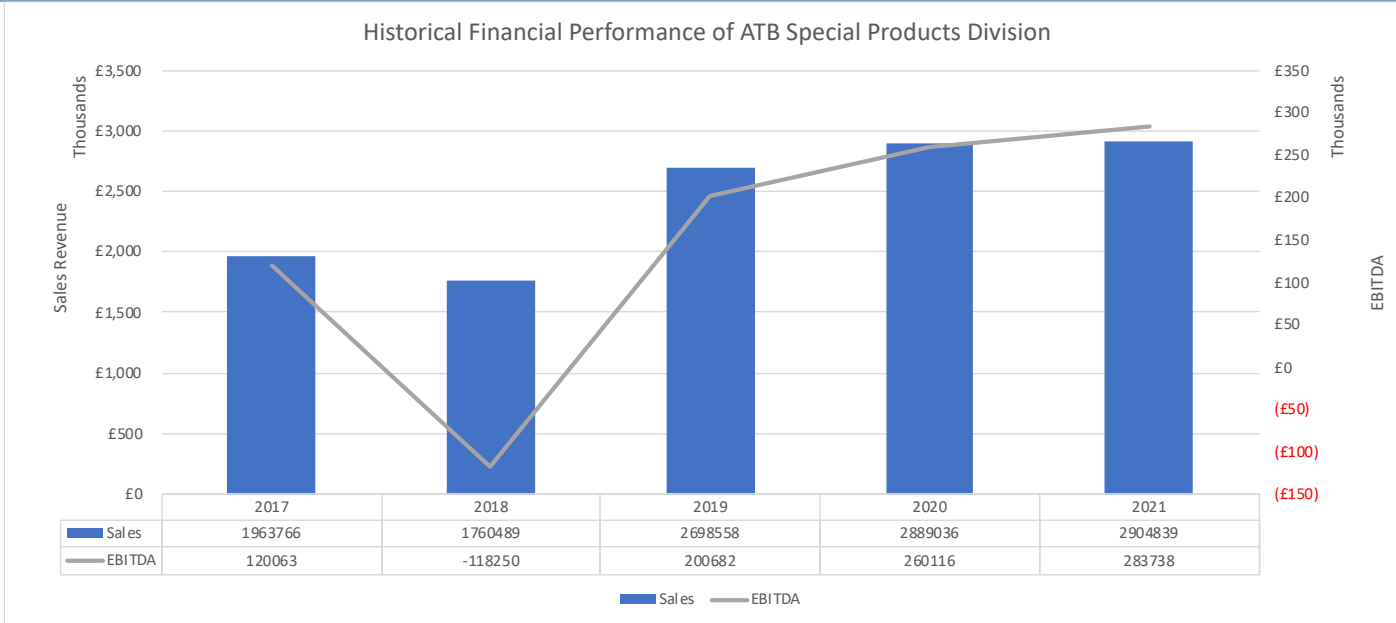
- Despite the challenges ATB SP is profitable
- Consider the potential of ATB SP with support in a structured business
  - ✓ News sales channels from BC globally
  - ✓ Stable financial position under strong BC management
  - ✓ Access to BC supply chain management
  - ✓ New business for parallel products
    - ✓ Assembly of motors from components for express delivery
    - ✓ Direct routes to core OEM customers for new product requirements





**Brook Crompton UK Ltd – Potential for Growth beyond Valuation Report**

GBP 000's



With the synergy of the BCH sales team, the future prospect of growth in both revenue and EBITDA for SP is very positive.

Referring to Appendix II of Valuation Summary Letter in the Circular, the projected EBITDA margin is expected to range from 10.27% to 12.22% for the projected financial years from FY 2022 to FY 2026 as compared to the actual EBITDA margin ranging from 6.11% to 9.77% for the historical financial years from FY 2017 to FY 2021.

Opportunities for substantial growth potential compared to the last 3 years are identified.



## Brook Crompton UK Ltd – Proposed Acquisition of ATB Special Products Division

- Strategic core challenges / opportunities for BCH in 2022
  - Global supply chain disruption
    - Shipping routes have not recovered post CoVid
    - Raw material shortages impacting industrial production
    - Energy production crisis / concerns
      - Russia / Ukraine War disruption of oil / gas / food supplies
      - Electronic component production
- Investment is being made to localise and environmentally develop:
  - Energy production (coal, LNG extraction, storage, shipment)
  - Food production (irrigation, water treatment, fertilisers, refrigeration)
  - Infrastructure (road and rail systems, tunnels)