



# Proposed acquisition of Truth Hardware

1 May 2013



# Disclaimer

This presentation has been prepared and issued on behalf of Tyman plc (the "Company") for information purposes only in relation to a possible investment in its securities (the "Securities"). The contents of this presentation must be kept confidential by attendees at such presentation and must not be reproduced, printed, distributed, passed on directly or indirectly, to any person or otherwise disclosed or published, in whole or in part, for any purpose.

**THIS PRESENTATION DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SELL, ISSUE, PURCHASE OR SUBSCRIBE FOR (OR ANY SOLICITATION OF ANY OFFER TO PURCHASE OR SUBSCRIBE FOR) THE SECURITIES DESCRIBED HEREIN IN ANY JURISDICTION.**

This presentation is not a prospectus and no reliance may be placed for any purposes whatsoever on the information contained herein or on its completeness. All investments are subject to risk.

This presentation is only addressed to and directed at:

- (A) in the United Kingdom, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") (namely, authorised firms under the Financial Services and Markets Act 2000 ("FSMA"); persons who are exempt in relation to promotions of shares in companies; persons whose ordinary activities involve them investing in companies; governments; local authorities or international organisations; or a director, officer or employee acting for such entities in relation to investment) or (ii) who are high value entities falling within Article 49(2)(a) to (d) of the Order (namely, bodies corporate with share capital or net assets of not less than £5 million (except where the body corporate has more than 20 members in which case the share capital or net assets should be not less than £500,000); unincorporated associations or partnerships with net assets of not less than £5 million; trustees of high value trusts; or a director, officer or employee acting for such entities in relation to the investment);
  - (B) persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC); and
  - (C) such other persons as this presentation may be lawfully marketed under any applicable laws
- (all such persons in (A) to (C) inclusive together being referred to as "Relevant Persons").

This presentation must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this presentation refers will be available only to Relevant Persons, and will be engaged in only with such persons. You represent and agree that you are a Relevant Person.

The distribution of this document outside the UK may be restricted by law and therefore persons outside the UK into whose possession this document comes should inform themselves about and observe any such restrictions as to the distribution of this document. Except as provided in this disclaimer, neither this document, nor any copy of it, may be taken, transmitted or distributed, directly or indirectly, in or into any jurisdiction other than the UK. Recipients warrant that (i) they are not based in a jurisdiction where possession or distribution of this document contravenes any securities legislation or any other applicable laws, (ii) they are not resident in a territory outside the UK, (iii) they are not acting as nominee or agent for any person or persons who by virtue of their residence or incorporation would not be entitled to subscribe for shares in the Company, (iv) they have not taken any action which will or may result in the Company or its subsidiaries or any of their respective directors, officers, employees or agents acting in breach of any regulatory or legal requirement.

Certain statements (or information) included in this presentation constitute, or may constitute, forward-looking statements and/or financial projections. Any statement or projection in this presentation that is not a statement of historical fact (including, without limitation, statements or projections regarding the Company's future expectations, operations, financial performance, financial condition and business) is or may be a forward-looking statement or financial projection. Such forward-looking statements or financial projections are subject to risks and uncertainties that may cause actual results to differ materially from those projected or implied in any forward-looking statement or financial projection. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. Although any such forward-looking statements or financial projections reflect knowledge, belief and/or information available at the date of this presentation, reliance should not be placed on them. Without limitation to the foregoing, nothing in this presentation should be construed as a profit forecast. The financial and other numerical information presented in a number of tables in this presentation has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column and may vary slightly from the exact arithmetic aggregation of the figures that precede them.

No undertaking, representation, warranty or other assurance, express or implied, is given (or purported to be given) by or on behalf of the Company, its Directors, N M Rothschild & Sons Limited ("Rothschild"), Canaccord Genuity Limited ("Canaccord Genuity") or HSBC Bank plc ("HSBC") or any other person (including any of their respective parent or subsidiary undertakings or the subsidiary undertakings of any such parent undertakings or any of their respective directors, officers, employees, consultants, members, agents or advisers) as to the accuracy, completeness or fairness of the information or opinions contained in this document and (save in the case of fraud) no liability or responsibility is accepted with respect to such information or opinions.

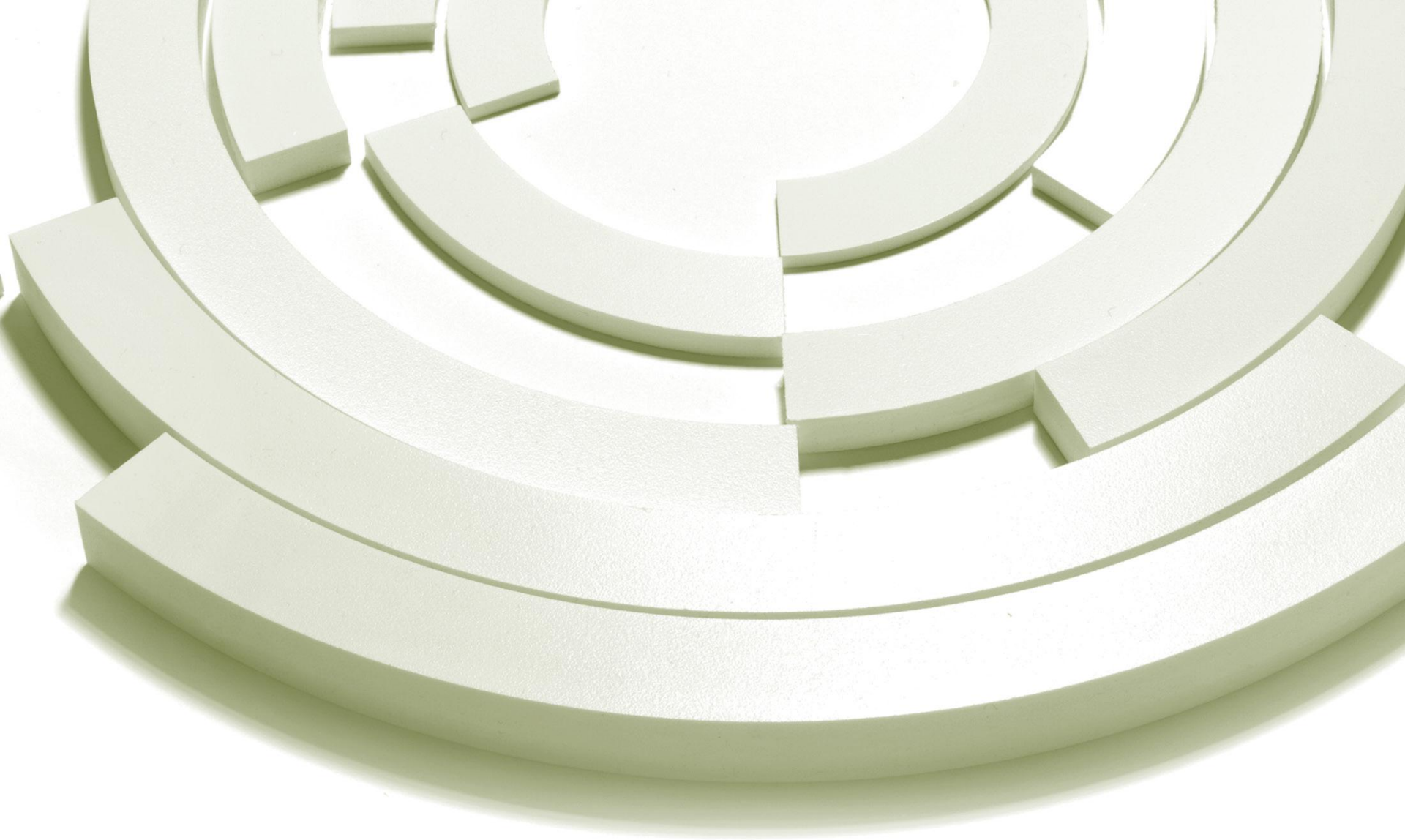
Rothschild (acting as sponsor and financial adviser to the Company in connection with the proposed Acquisition, Firm Placing and Placing and Open Offer (the "Fundraising"), the New Debt Facility and the Admission to the Official List), Canaccord Genuity (acting as nominated adviser and sole broker and lead bookrunner for the Company in connection with the Fundraising and Admission to AIM) and HSBC (acting as joint bookrunner for the Company in connection with the Fundraising) (together the "Advisers") are each authorised and regulated in the UK by the Financial Conduct Authority. Persons receiving this document should note that, in connection with the Fundraising and the Admission to AIM and the Admission to the Official List, the Advisers are acting exclusively for the Company and no one else. The Advisers will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for advising any other person on the transactions and arrangements described in this document. Apart from the liabilities and responsibilities, if any, which may be imposed on the Advisers by FSMA or the regulatory regime established under it, the Advisers accept no responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the existing ordinary shares, the New Ordinary Shares, the Acquisition, the Fundraising, the New Debt Facility, the Admission to AIM and the Admission to the Official List. The Advisers accordingly disclaim all and any liability whatsoever whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

By receiving and/or attending this presentation, you agree to be bound by the restrictions in this disclaimer.



- 1 Transaction highlights
- 2 Tyman current markets & trading
- 3 Overview of Truth Hardware
- 4 Acquisition rationale
- 5 Financial effects
- 6 Transaction structure & timetable
- 7 Q&A
- 8 Appendices





**Transaction highlights**

# Transaction highlights

- Truth Hardware is a North American manufacturer of window and door hardware
- Excellent strategic and operational fit
  - Complementary products, capabilities and customer relationships
  - Well known and understood business model with clear route to integration
- Consideration of \$200m (£129m<sup>1</sup>) on a cash / debt free basis
  - Multiple 8.9x EBITDA 2012A
- Estimated cost synergies of c. \$5m per annum fully realisable from 2015 onwards
  - One off costs of c. \$2.5m<sup>2</sup>

**Notes**

1. Converted at £1 : \$1.55 exchange rate
2. Includes an estimate to convert Truth Hardware to Amesbury's new ERP system – no final decision has been taken

# Transaction structure and effects

- \$100m (£65m<sup>1</sup>) new debt facility and c. £73m fully underwritten Equity Issue
  - Anticipated Firm Placing of c. £13m and Placing and Open Offer of c. £61m
  - Pro forma leverage of 2.6x on completion, reducing to within core target range by December 2013
- EPS accretive in the first full financial year of ownership
- Estimated completion by late June 2013
- Move to the Main Market shortly following completion





**Tyman current  
markets & trading**

# Tyman current markets & trading

## **Amesbury**

**Housing market in North America appears more robust today than at any point in the past five years**

- Further growth expected for Amesbury in 2013
- 2013 order intake ahead of 2012
- Well positioned to benefit from upcoming seasonally higher demand months

## **grouphomesafe**

**Overall market likely to contract in 2013; although the Group aims to take further market share**

- Business transformed by corporate activity
- Will grow market share in 2013 through organic growth, new product introductions and growing the Fab & Fix offering
- 2013 - import cost inflation potential factor

## **Schlegel International**

**Euro markets remain difficult; opportunities in emerging markets**

- Rebalancing of our European footprint gives us the right platform for seals in Europe
- Australasian markets more robust in 2013
- 2013 focus on S. America and SE Asia



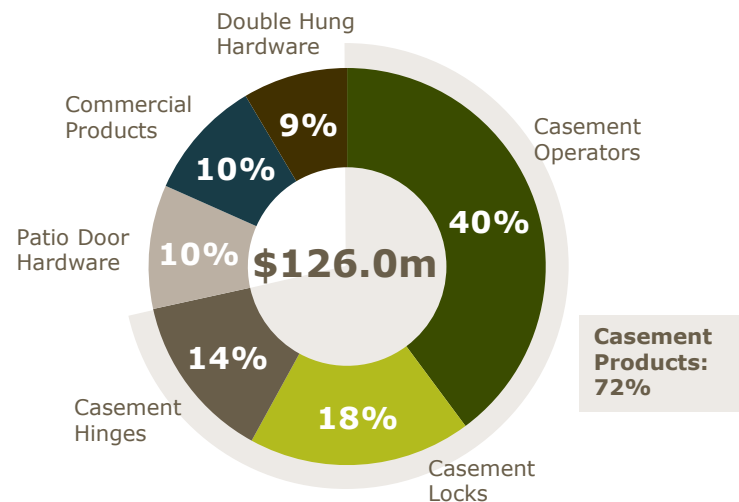


# **Overview of Truth Hardware**

# Overview of Truth Hardware

- North American window and door hardware manufacturer
- Customer base of North American fenestration OEM's
- Track record of new product development
- Well-invested manufacturing base
- Employs c. 700 people throughout North America
- Revenues of \$126.0m and EBITDA of \$22.5m (17.9% EBITDA margin) in 2012
- c. 70% of sales were to US customers in 2012 and c. 30% to Canadian customers
- Owned by Melrose Industries PLC since 2008, formerly part of FKI plc

## Revenue split 2012



## Manufacturing footprint



# Product offering

## Casement Products

- Casement Operators
- Casement Tie Bar and Locks
- Casement Hinges

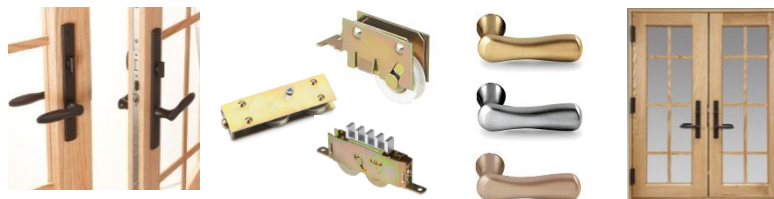


Percentage of  
2012 revenues

72%

## Patio Door Hardware

- Sentry Bi-fold Door Hardware
- Sidelite Hardware
- Custom Rollers for Sliding Doors



10%

## Commercial Products

- Push-Out Hardware
- Maxim Style Locks
- Euro Groove System



10%

## Double Hung Hardware

- Fusion Series
- Harmony Series



9%

# Complementary product offering

	Amesbury	Truth Hardware	Enlarged US Group
<b>Windows</b>			
Casement window hardware	✓	✓	✓
Hung window hardware	✓	✓	✓
Window extrusions	✓		✓
Window seals	✓		✓
<b>Doors</b>			
Patio door hardware - swing	✓	✓	✓
Patio door hardware - sliding	✓	✓	✓
Door extrusions	✓		✓
Door seals	✓		✓

**Enlarged combined product offering of window and door hardware products to the North American market**

**In particular, Truth Hardware provides the group with a highly complementary Casement offering where Amesbury has no significant sales**

**Opportunity to sell Truth Hardware products through grouphomesafe and Schlegel International networks**

✓ Indicates core offering

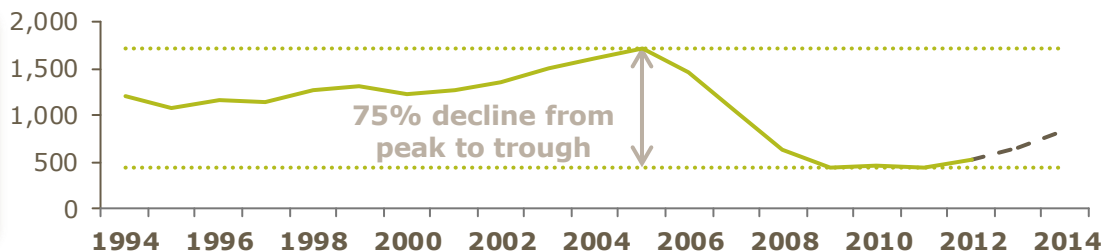




**Acquisition rationale**

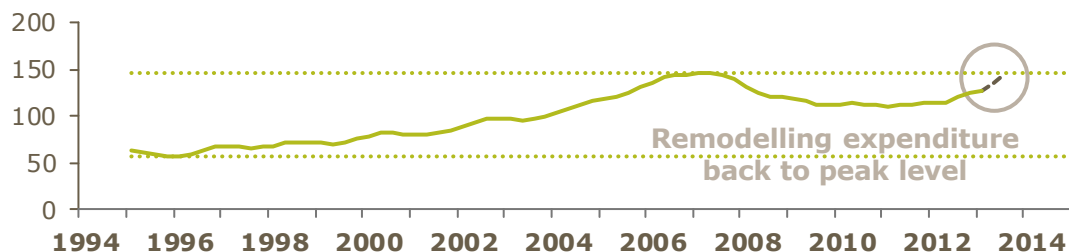
# US and Canada housing market outlook

**US Single Family Housing Starts ('000s per annum)**



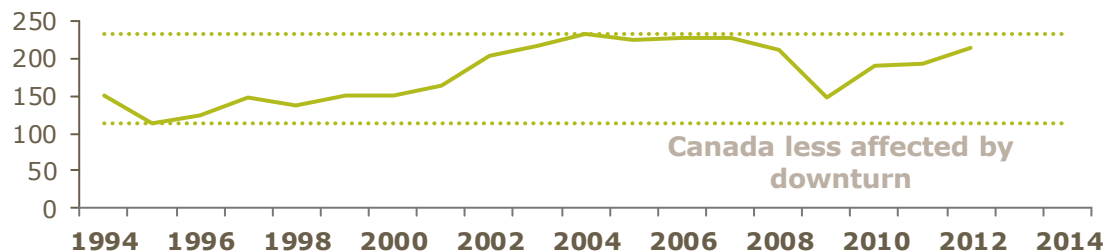
**Recovery from historic lows is underway and expected to continue**

**US Remodelling Expenditure (index)**



**Supported by a rebound in remodelling expenditure**

**Canada Housing Starts ('000s annualised)**



**Continued recovery from 2008 / 2009 downturn**



# Acquisition rationale

**Enhanced  
position in the  
North American  
market**

- Strategic opportunity in North America
  - Robust market outlook
- Significantly enhances Tyman's current position in a key market
  - Trusted brand
  - Expanded engineering, design and manufacturing capabilities
- Highly complementary product portfolio
  - 72% of 2012 revenues from casement product categories
  - Adds casement product offering where Amesbury has no significant sales
- Broadens and enhances OEM relationships
  - Access to new customers in Canada

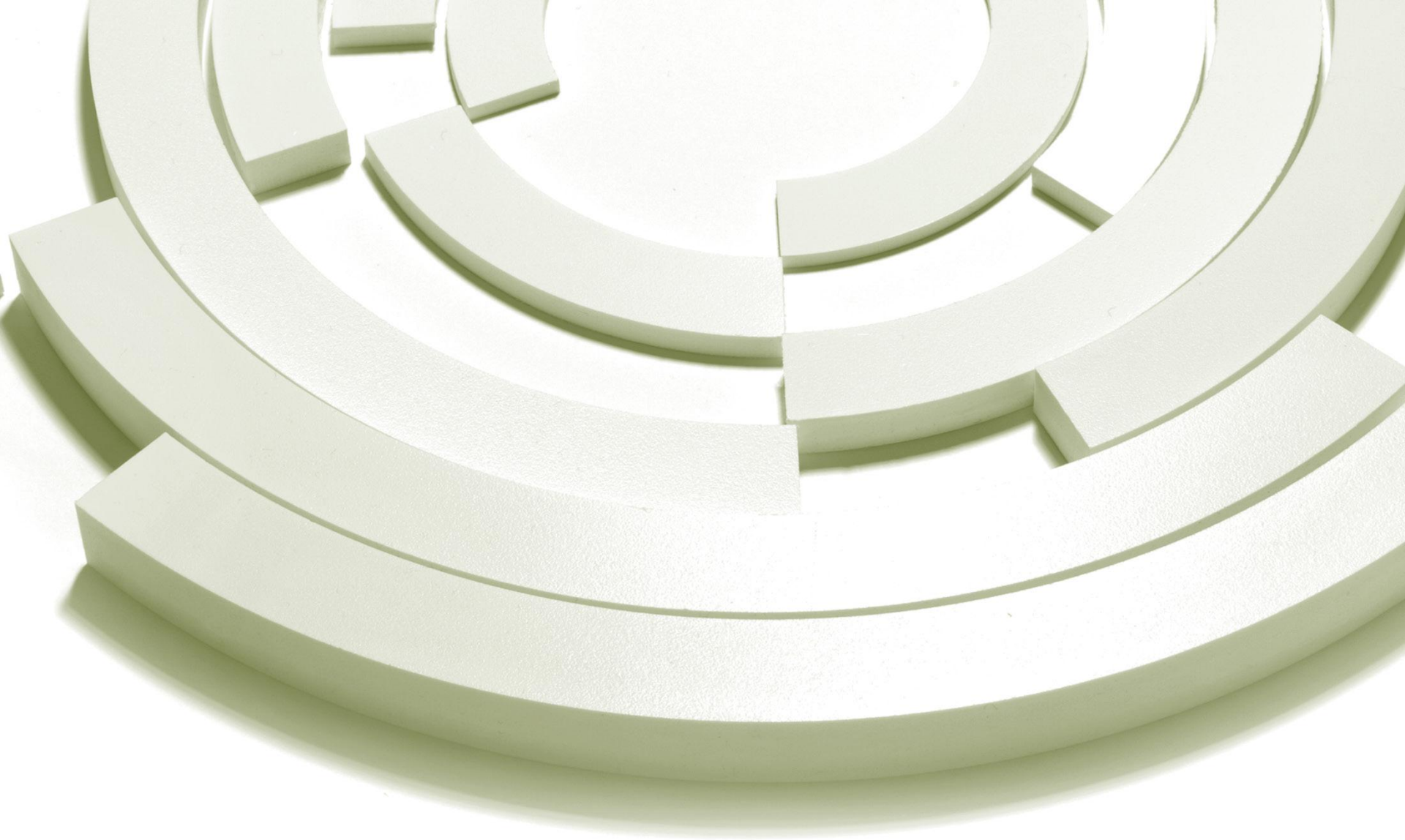
# Acquisition rationale

## Operational fit

- Well-invested, strategically positioned facilities
  - Targeted investment in automation
- Flexible business model
- Spare capacity eliminating the need for major investment for future growth
- An established Canadian manufacturing facility with potential for meaningful presence in the Canadian market

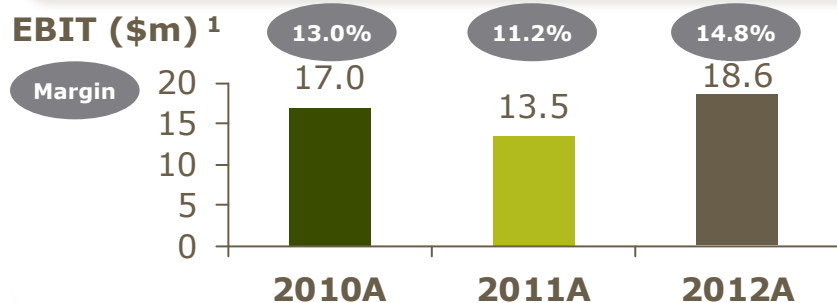
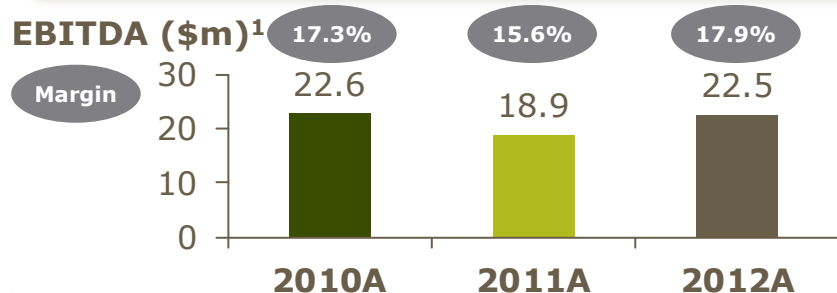
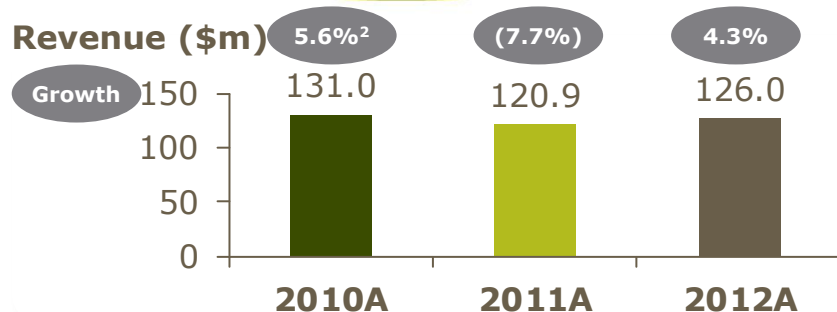
## Financial effects

- Track record of top-line performance
- Strong margins
- Strong cash generation
- Estimated synergies of c. \$5m per annum fully realisable from 2015 onwards
- EPS accretive in the first full financial year of ownership



**Financial effects**

# Truth Hardware – Key financials



- Consistent financial track record
- Profit and cash delivery during the market downturn
- Well-positioned for future growth

## Market highlights

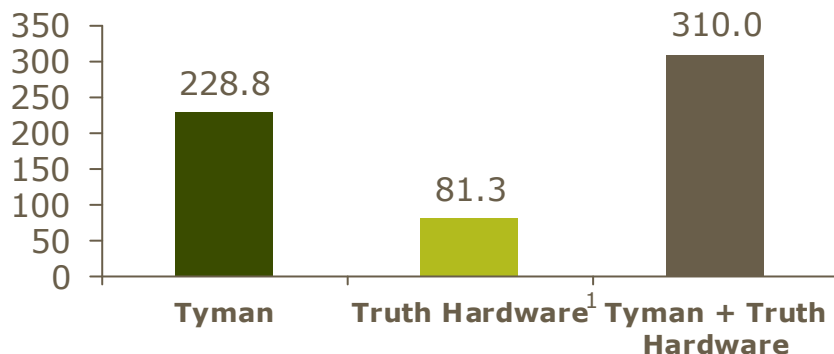
- 2010 - New build incentives
  - R&R incentives
- 2011 - No incentives
  - Market contraction
- 2012 - Small growth in market

### Notes

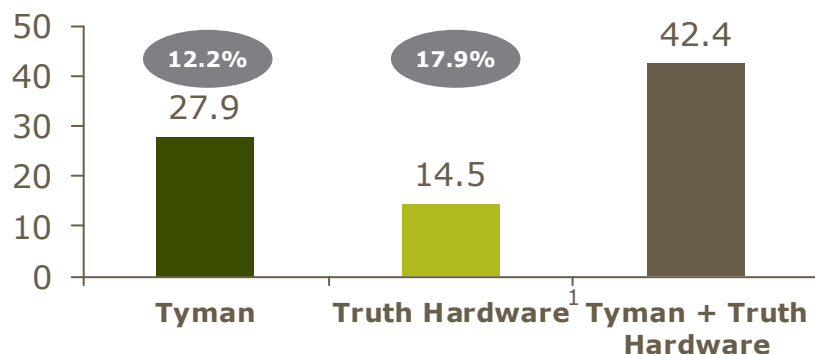
1. Underlying
2. Based on management reporting

# Tyman and Truth Hardware combined (2012)

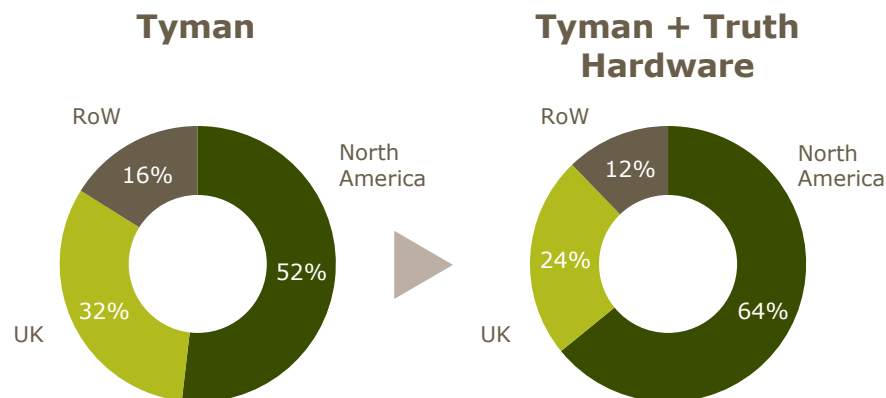
**Revenue (£m)**  
% increase



**EBITDA (£m)**  
% margin



**Revenue (£m)**  
Geographical split



**Strategic acquisition to enhance Tyman's market positioning in North America**

**Significant sales growth expected from increased exposure to the North American growth market**

**Significant EBITDA margin enhancement expected**

**Notes**

1. Truth Hardware financials converted at £1 = \$1.55 exchange rate
2. These figures represent the sum of Tyman and Truth Hardware standalone revenues and EBITDA and do not reflect synergies, acquisition related costs or any other effects of combination

# Cost synergies

## Scope

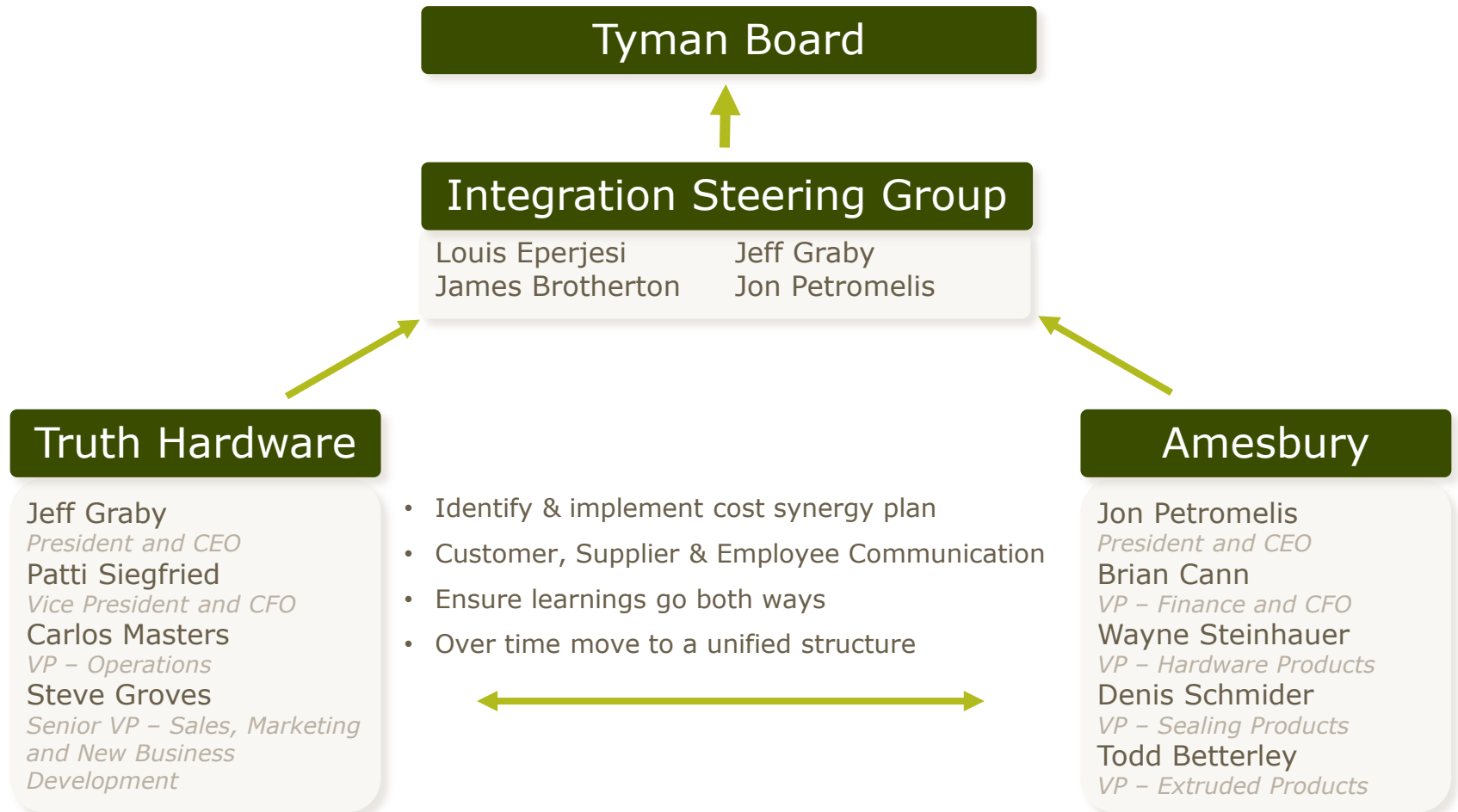
- Optimisation of overlapping product lines
- Consolidation of manufacturing processes, particularly in the areas of stamping, die-casting and plating
- Elimination of duplicate administrative overheads
- Alignment of sales and marketing resources
- Co-ordination of third party sourcing, freight and logistics

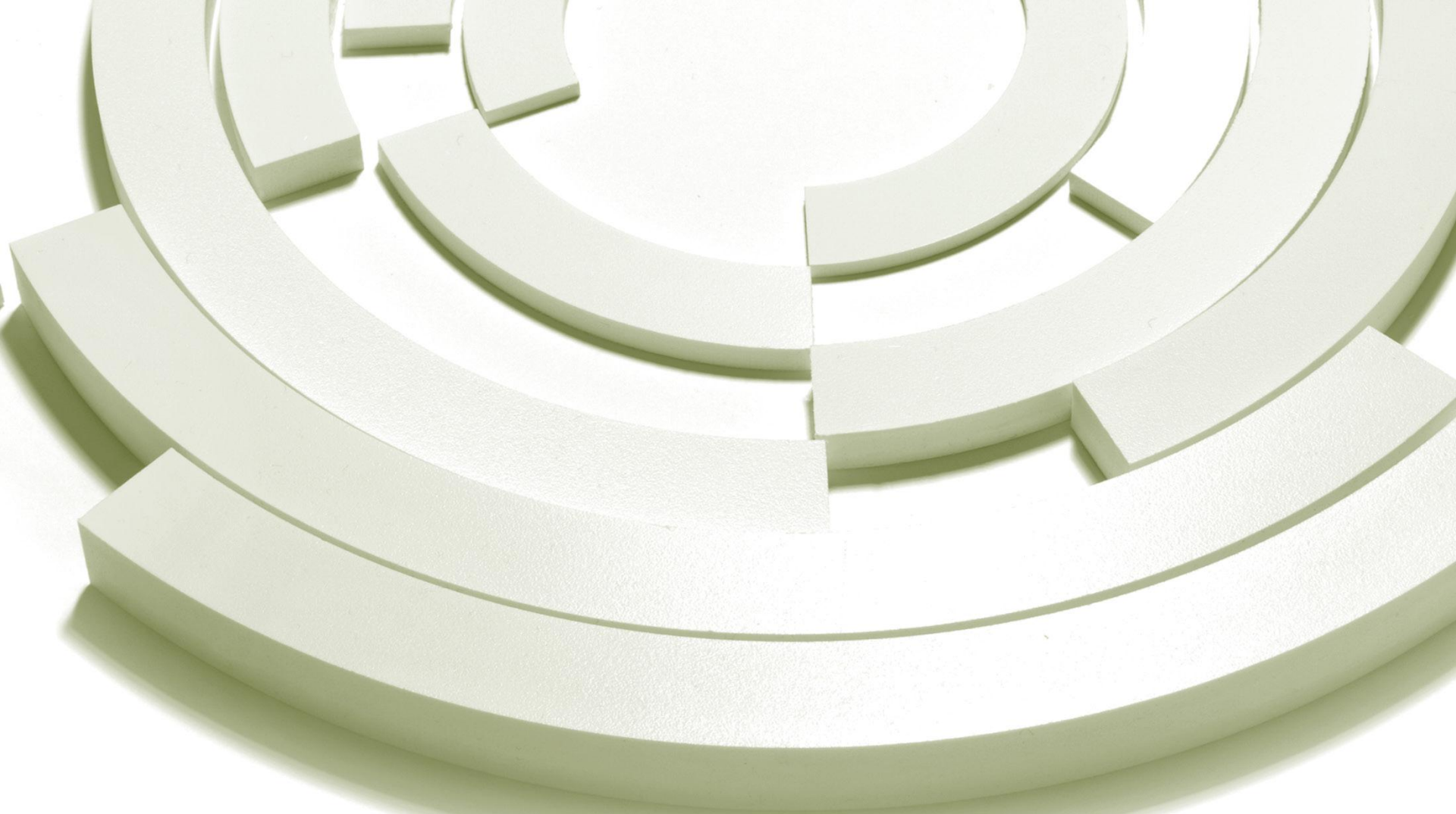
## Financial impact

- Estimated cost synergies of c. \$5m per annum fully realisable from 2015 onwards
- Expected one-off cash costs to implement the integration and deliver synergies are estimated at approximately \$2.5m
  - Includes an estimate to convert Truth Hardware to Amesbury's new ERP system – no final decision taken



# Integration plan





**Transaction structure  
& timetable**

# Acquisition financing structure

Sources	£m	Uses	£m
<b>New debt facility</b>			
Term loan (June 2015)	c. 65	Purchase price (\$200m)	c. 129
<b>New debt (\$100m)</b>	<b>c. 65</b>	Transaction costs	c. 8
<b>New equity</b>			
Firm Placing	c. 13		
Placing and Open Offer	c. 61		
<b>Total new equity</b>	<b>c. 73</b>		
<b>Total sources</b>	<b>c. 138</b>	<b>Total uses</b>	<b>c. 138</b>

## Pro forma financial effects

### Leverage:

**2.6x Net Debt / EBITDA at completion**

**Reducing to within Tyman's stated through-the-cycle leverage target of 1.5x – 2.0x EBITDA by Dec 2013**

- New facility expected to be signed and committed prior to announcement
- New debt facility agreement to run to 30 June 2015, with no scheduled repayments until maturity
- The Group's current banking facilities run until March 2016, with limited scheduled repayments until maturity
- Average cost of debt on new facility 50bps lower than on existing facilities within expected leverage range
- The Firm Placing and Placing and Open Offer to be fully underwritten by Canaccord Genuity and HSBC

# Equity Issue details

## Firm Placing of c. £13m

- Firm Placees to conditionally subscribe for 6.9m New Ordinary Shares equivalent to 4.99% of issued share capital<sup>1</sup> at the Issue Price

## Placing and Open Offer of c. £61m

- Placing subject to clawback to satisfy applications from shareholders under the Open Offer

## Other considerations

- Equity Issue fully underwritten by Canaccord Genuity and HSBC
- Equity Issue conditional, amongst other things, upon Admission to AIM
- In the event that the Acquisition does not complete, the Equity Issue will still proceed and Tyman intends that the net proceeds would be retained for a limited period for general corporate purposes and potential alternative acquisitions

Issue price per New Ordinary Share	185 per share
Open Offer basis	23 New Ordinary Shares for every 91 Existing Ordinary Shares
Estimated gross proceeds (including Firm Placing)	c. £73m
Estimated net proceeds	c. £65m

Number of Ordinary Shares currently in issue (including Treasury shares)	137.3m
Number of Firm Placing Shares to be issued pursuant to the Firm Placing	6.9m
Number of New Ordinary Shares to be issued pursuant to the Open Offer	32.8m
Number of Ordinary Shares in issue immediately following Admission to AIM	170.1m
New Ordinary Shares as a percentage of the Enlarged Share Capital immediately following Admission to AIM	23.4%

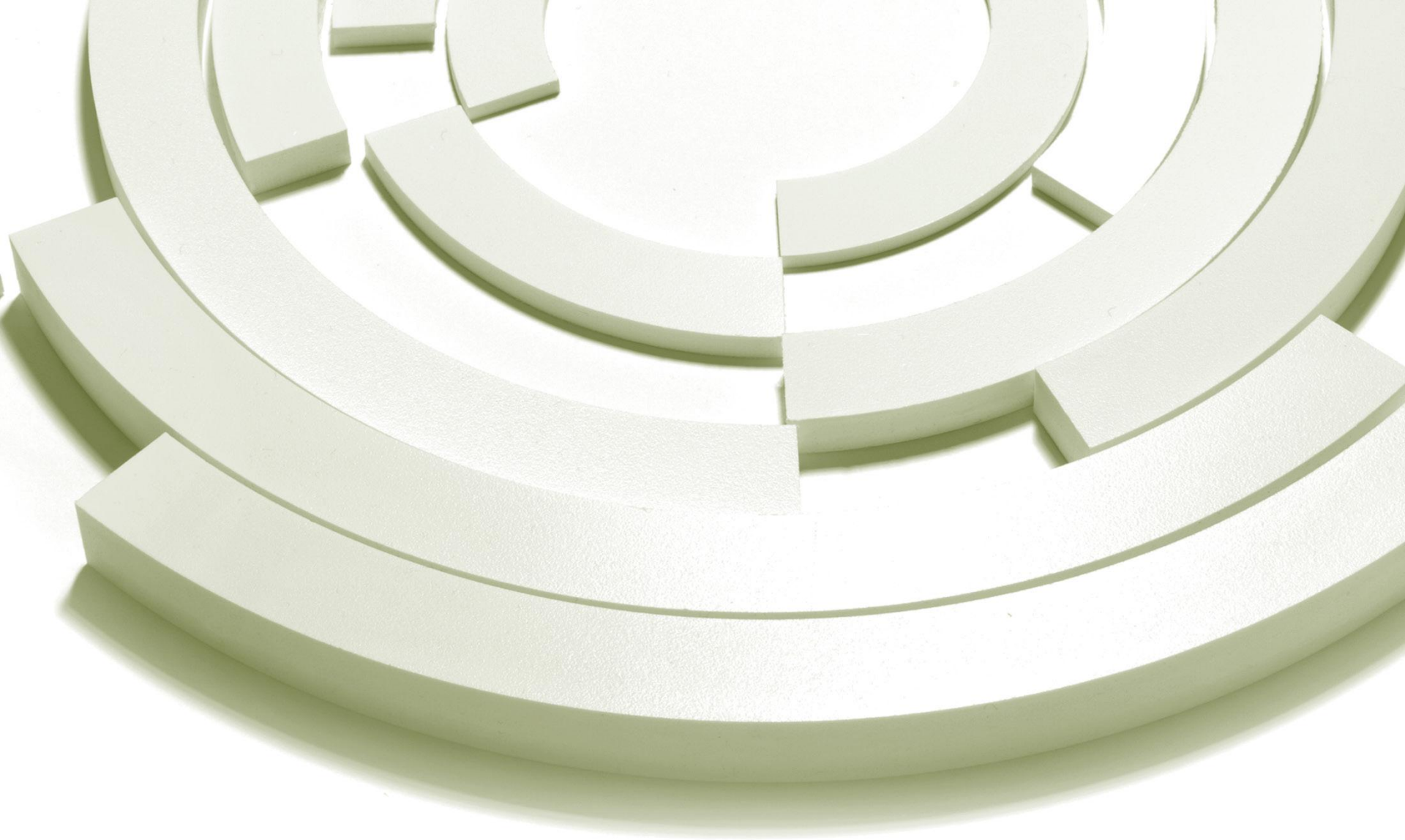
### Note

1. Issued share capital including treasury shares

# Expected timetable

Announcement of the Acquisition, Equity Issue and publication of Prospectus	1 May 2013
Ex-entitlement date for Open Offer	2 May 2013
Latest date for acceptance of Open Offer	20 May 2013
Results of Placing and Open Offer announced	21 May 2013
Admission of New Ordinary Shares to AIM and commencement of dealings on AIM	23 May 2013
Expected date of completion of the Acquisition	By late June 2013
Admission to the Official List and commencement of dealings on the Main Market	Shortly following completion of the Acquisition

- On 12 March 2013 the Board announced that moving to the Official List would be an appropriate step in the continued development of the Group
- Tyman will proceed with this move shortly following completion of the Acquisition
- The move to the Official List and Main Market is contingent on completion of the Acquisition

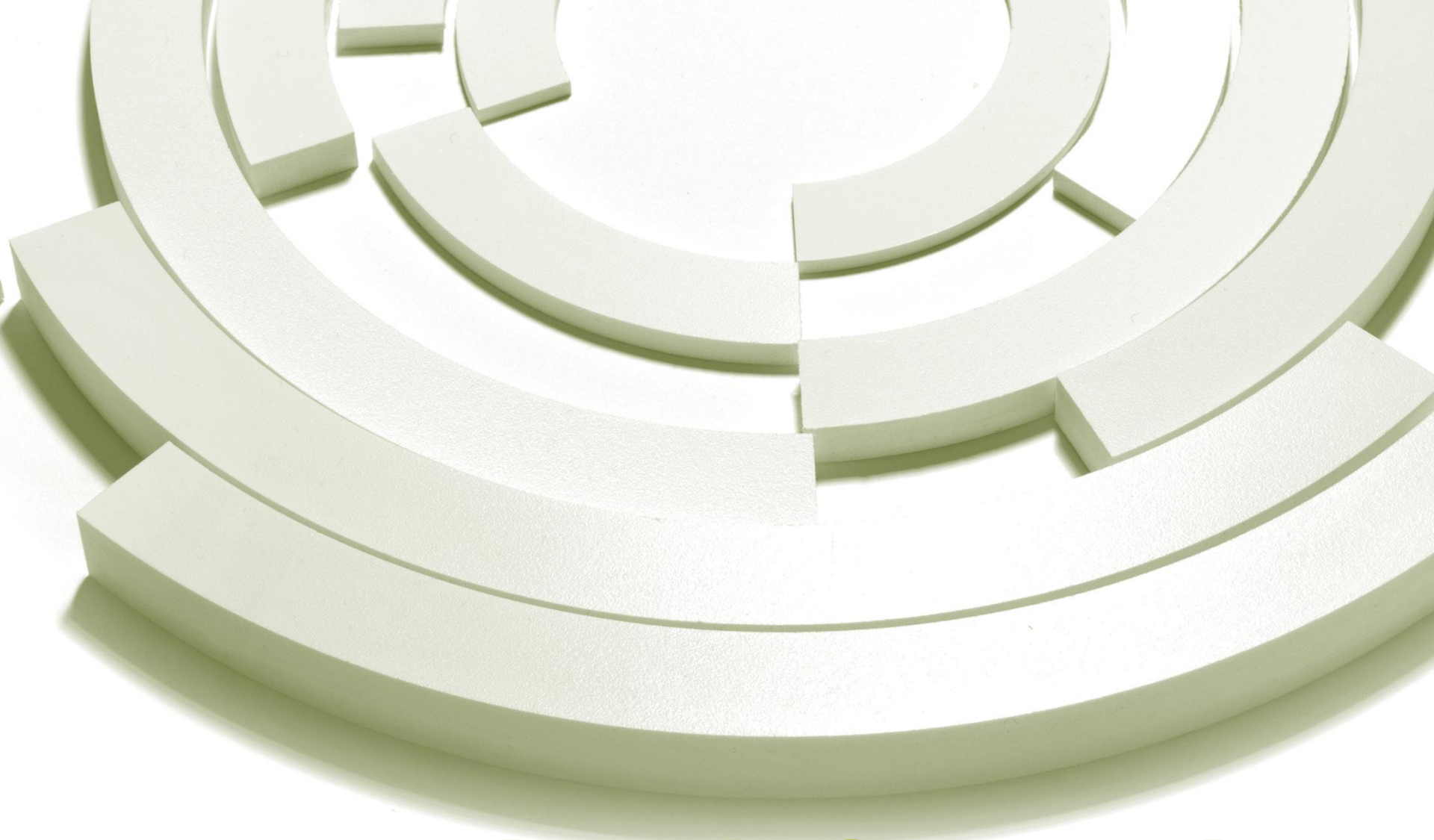


**Q&A**



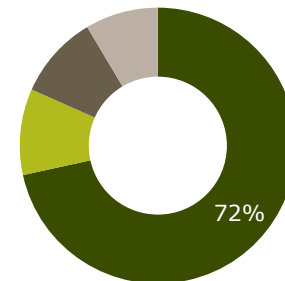


**Appendices**



**Further information  
on Truth Hardware**

# Casement products



## Casement Operators: \$50.5m sales (56%<sup>1</sup>)



Encore

Maxim

EntryGard

## Casement Tie Bar and Locks: \$23.0m sales (25%<sup>1</sup>)



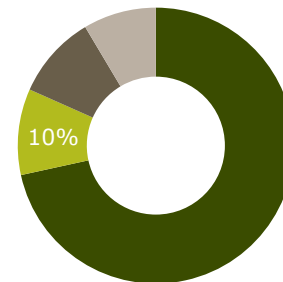
## Casement Hinges: \$17.2m sales (19%<sup>1</sup>)



### Notes

1. Percentage of 2012 casement revenues
2. Percentage in the pie chart represents product contribution to 2012 Truth Hardware revenues

# Patio door hardware



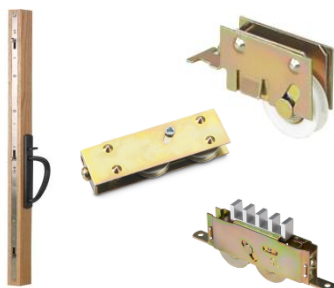
## The Sentry System



Sentry system



Sentry Side-lite



Nexus Sliding System



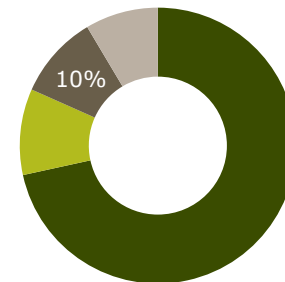
Bi-fold Hardware

## Sidelite Hardware





# Commercial products



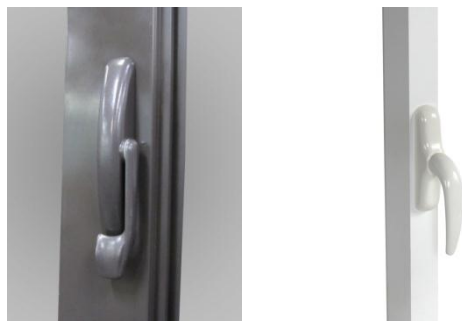
## Push-Out Hardware



## Marvel Motorized Operations



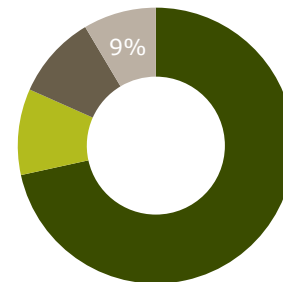
## Maxim Style Lock / Euro-Groove System



## Sentry II Motorized Operations



# Double hung hardware



## Fusion Series



## Harmony Series



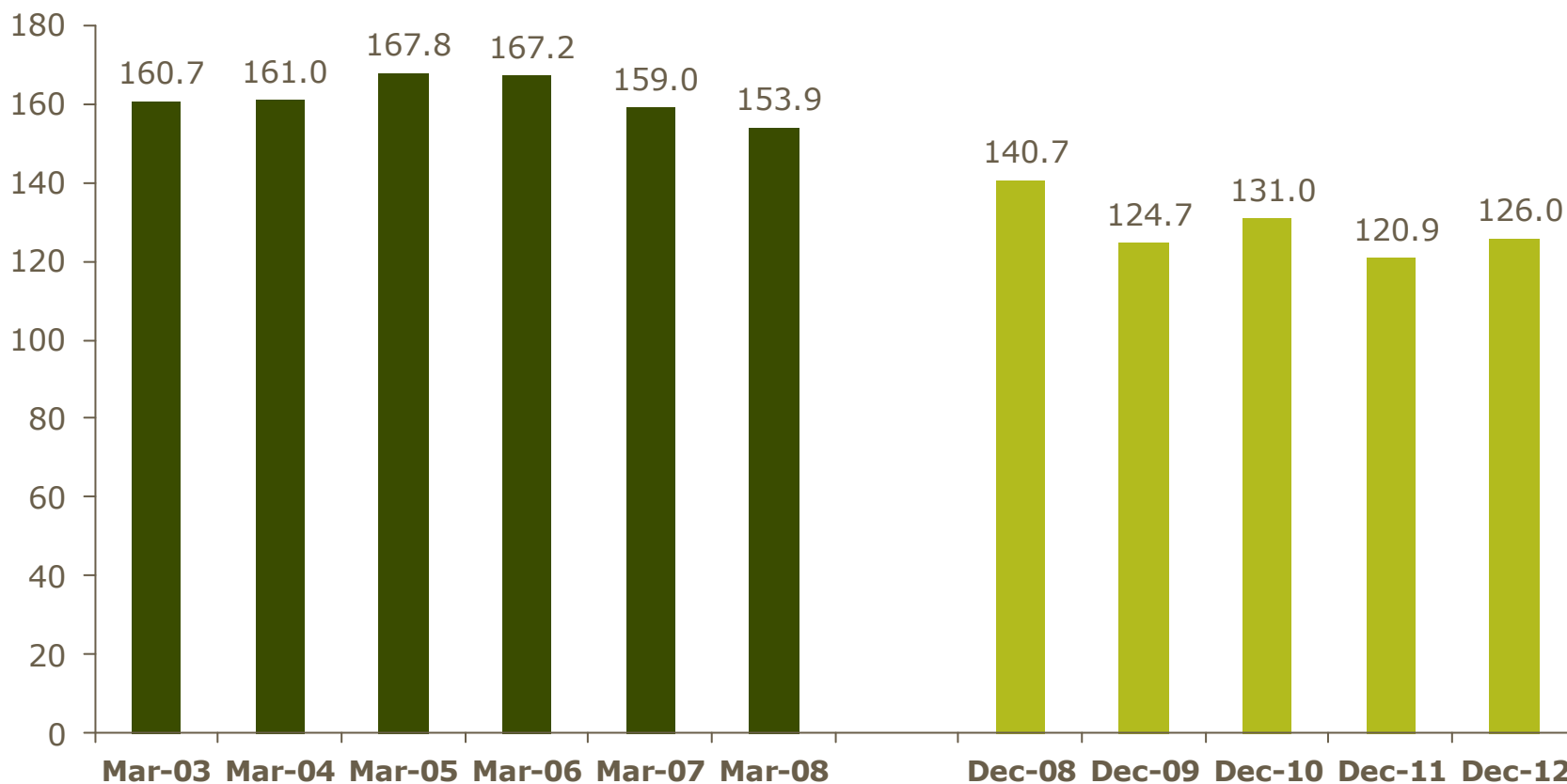
**Note**

1. Percentage in the pie chart represents product contribution to 2012 Truth Hardware revenues



# Through-cycle revenue

Revenue (\$m)



# Senior management team

## **Jeff Graby**

President and Chief  
Executive Officer

- Joined Truth Hardware in April 2012 and prior to joining Truth Hardware Jeff Graby was Senior Vice President of Operations at Interface Solutions from March 2010 to March 2012
- From January 2004 to March 2010 Mr. Graby was President and Chief Operating Officer at RAM Industries/Schneider Electric
- From 1983 until January 2004 Mr. Graby was employed by FES/GEA and from 1996 to 2004 was President of FES/GEA

## **Patti Siegfried**

Vice President and Chief  
Financial Officer

- Joined Truth Hardware in 1981 and held numerous finance roles within Truth Hardware before being appointed to her most recent role as Chief Financial Officer

## **Carlos Masters**

Vice President of  
Operations

- Joined Truth Hardware in July 2011. Prior to joining Truth Hardware Carlos Masters was country manager for Freudenberg from September 2008 to July 2011
- From 2006 to 2008 Mr. Masters was Director of Operations at Kautex Textron
- From 2001 to 2006 Mr. Masters was VP of Operations at American Standard

## **Steve Groves**

Senior Vice President  
Sales, Marketing and  
New Business  
Development

- Joined Truth Hardware in March 2005. Prior to joining Truth Hardware he was a Director of Industrial Products at Donaldson Company from 2000 to 2005
- Mr. Groves also previously held management positions at Andersen Window and Doors from 1980 to 2000 mostly recently as Director of Strategic Planning

# Contact us



**Tyman plc**

65 Buckingham Gate,  
London, SW1E 6AS  
United Kingdom

**T:** +44 (0) 20 7976 8000

**F:** +44 (0) 20 7976 8014

**[www.tymanplc.com](http://www.tymanplc.com)**

