

Strategy

Market research indicates that total global demand for fasteners is set to continue to grow despite the unsettled macroeconomic environment. We therefore see the next three years as a period of investment and growth. Now is the time to make full use of the strong foundations we have built; through further investment, TR will continue to grow alongside its key global customers and markets.



**Core strategy:
Focus on
multinational
OEMs**

Strategic pillar	Description	Link to KPIs
 <p>Investment driven growth</p>	To continue to grow requires ongoing investment in to the business. This comes in a variety of forms, from capacity increases in our manufacturing sites, to investment in our warehousing resources and our digital capabilities.	<ul style="list-style-type: none"> • Group total revenue • Underlying operating margin enhancement • Group underlying profit before tax • Cash conversion as a % of underlying EBITDA • Return on Capital Employed ('ROCE') • Underlying diluted earnings per share ('EPS') • Multinational OEM penetration
 <p>Continue to add value and differentiate</p>	Our application engineering teams help to differentiate us by bringing fastener solutions to life for our customers at all stages of the build from initial design to ongoing manufacture, whilst continuous investment has helped to build and maintain our reputation for high quality within the industry.	<ul style="list-style-type: none"> • Group total revenue • Underlying operating margin enhancement • Group underlying profit before tax • Cash conversion as a % of underlying EBITDA • Return on Capital Employed ('ROCE') • Underlying diluted earnings per share ('EPS') • Multinational OEM penetration • Broaden skills of management
 <p>Acquisitions</p>	Trifast has shown it is capable of delivering healthy organic growth. However, this is not enough to maximise the opportunities available to us in what is a very fragmented industry, with no one player having more than 5% of the market share.	<ul style="list-style-type: none"> • Group total revenue • Underlying operating margin enhancement • Group underlying profit before tax • Cash conversion as a % of underlying EBITDA • Return on Capital Employed ('ROCE') • Underlying diluted earnings per share ('EPS') • Multinational OEM penetration
 <p>Operational efficiencies</p>	Our consistent ability to improve margins and generate cash allows us to plan ahead with confidence on future proofing our business resources. These include smarter management information systems (MIS), space efficient storage and materials handling equipment, lean logistics processes, modular packaging, manufacturing efficiencies and refining our sales and marketing targeting.	<ul style="list-style-type: none"> • Underlying operating margin enhancement • Group underlying profit before tax • Cash conversion as a % of underlying EBITDA • Return on Capital Employed ('ROCE') • Underlying diluted earnings per share ('EPS') • Multinational OEM penetration • Broaden skills of management
 <p>Investing in people</p>	TR is a people business with over 1,100 people working together to support each other's development and underpinning the Group's positive momentum and impressive trading results. Getting the most out of our people via effective training, succession planning and the identification of investment opportunities for growth remains a key pillar of our strategy.	<ul style="list-style-type: none"> • Group total revenue • Underlying operating margin enhancement • Group underlying profit before tax • Cash conversion as a % of underlying EBITDA • Return on Capital Employed ('ROCE') • Underlying diluted earnings per share ('EPS') • Multinational OEM penetration • Broaden skills of management

Description

Our core business is supplying high volume assembly multinational OEMs around the world with components. They demand consistent quality, price and availability in order to supply automotive assemblies, mobile phone base stations, computer enclosures, cash dispensers and other equipment, in their often numerous sister plants spread globally.

Achievements so far

Around 60% of Group sales come from our top 50 multinational OEMs. We carry 'preferred supplier' status with these multinationals, many of which own more than 100 plants making comparable or identical finished products. Our average penetration into each network is less than 25% of their sites, therefore, developing this pipeline is the backbone of our overall growth strategy.

Focus for the future

Maintaining and developing the strength of these relationships continues to be a key focus for the Group. We are investing in our sales teams around the world to help us do this. In part, by increasing headcount to expand our sector expertise and knowledge across different geographies and also by encouraging our sales teams to work closer together on a global basis to continue to improve site penetration levels at our multinational OEMs.

Achievements so far

This year saw significant investment across our Asian manufacturing sites with capacity increases of 15% in Taiwan and the introduction of a new £1m multi-stage parts former in PSEP, Malaysia. Our site in Hungary has also increased storage capacity by acquiring the warehouse adjacent to their current building.

A two year project to substantially rebuild and enhance our trading website (www.trfastenings.com) was completed in February 2016. This has created a key go-to technical resource used by the whole industry. We have also won multiple supplier awards in the year and have made significant additional investments in quality testing equipment across the Group to further support our customers' requirements.

The acquisitions of VIC (May 2014) and Kuhlmann (October 2015) exemplify what constitute ideal targets for the business, namely knowledge and skills, capable self-managing and ongoing management teams, niche market positioning, growing revenue, profitability and earnings enhancement.

Over the last twelve months we have introduced 'Lean-Lift' technology in Uckfield, reducing picking times and warehousing space requirements and allowing additional savings to be made via the consolidation of our Uckfield and Poole sites. Manufacturing efficiencies have been achieved through improved plant utilisation in Taiwan, Italy and the UK.

Over the last twelve months, the Group has seen two key succession announcements at Main Board level; Mark Belton took on the role of CEO, and Clare Foster became CFO. In addition, investments to support growth opportunities have been made to our sales teams in the UK, Germany and Spain, whilst our key support functions have been strengthened within finance, IT, HR, marketing and quality to provide a secure back drop for growth.

Focus for the future

Looking ahead, detailed plans are in place to enhance our manufacturing capacity in Italy via the introduction of a new heat-treatment line. This will allow us to produce more product in-house and better manage lead-times due to closer proximity to market. Further digital investment to improve our access to business and management information is also planned over the coming 24 months.

Quality will continue to be a key focus as our customers' expectations continue to increase in this area. The *TR* website will also continue to develop, with an additional 20,000 products due to be uploaded over the coming year.

A detailed acquisition strategy has been developed to identify key criteria and geographies, which is driving our proactive search for the next successful acquisition. In the meantime, our teams will focus on the ongoing successful integration of Kuhlmann and VIC in to the Group and strategy for growth.

Looking ahead, we remain committed to a programme of 'continuous improvement'. The key focus will be on operational efficiency savings, including the roll-out of further lean lifts in the UK and overseas, smarter management information systems and an ongoing improvement in our manufacturing capacity planning and utilisation.

The next two years will see the roll-out of our Group HR Strategy, allowing us to become ever more joined up and ensuring that the benefits of 'Best Practice' can be spread out across the Group. Ongoing reviews will be key to making sure that our recent investment in both sales and support headcount is generating results, as well as identifying where additional gaps exist for further investment.

Strategy in action



Read more on page 16



Read more on page 17



Read more on page 18



Read more on page 19



Read more on pages 20 to 27