Tactical delivery of the strategy

February 2019

www.apcplc.com
Design, specification, and technical sales of specialist electronic components, products and systems
80+ employees

55+ customer facing staff
Technical sales, product managers, internal sales, account managers

FY 2018 revenue £17m
FY 2018 EBITDA £1.15m
FY 2018 Group bookings £22.5m

Growth strategy
• Sell more of the technologies we have
• Sign and sell new complementary technologies
• Strategic bolt on acquisitions:
  First Byte Micro (Jan 2018), Aspen Electronics (July 2018), Wavelength Electronics (Nov 2018)
Components (c.60% of sales)
- Military and aerospace
- Medical / industrial
- Locator - sourcing of obsolete components
- **Growth Opportunity**: Further acquisitions; sign new complementary product lines; and drive organic growth through the enlarged platform

Property Technology (c.30% of sales)
- Lighting: design, supply and installation of LED lighting solutions
- Internet of things – smart buildings and infrastructure
- Performance measurement and verification
- **Growth Opportunity**: Further market penetration

Time Synchronisation (c.10% of sales)
- Time synchronisation for financial sectors and broadcasting
- Network assurance
- **Growth Opportunity**: Continue development of ‘go to’ brand in time synchronisation / digital network assurance

**Triple Size of Business on 3-5 Year View**

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<thead>
<tr>
<th></th>
<th>Target Revenue £m</th>
<th>3 Year</th>
<th>5 Year</th>
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<tbody>
<tr>
<td>Components</td>
<td></td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>Property Technology</td>
<td></td>
<td>15</td>
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<tr>
<td>Time Synchronisation</td>
<td></td>
<td>3</td>
<td>5</td>
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<tr>
<td>Group</td>
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<td>48</td>
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APC Specialist Divisions

- **HI-REL**
  - High reliability components

- **RF & MICROWAVE**
  - RF and microwave components

- **EMBEDDED**
  - Embedded computing and displays

- **LOCATOR**
  - Component sourcing solutions

- **WAVELENGTH ELECTRONICS LIMITED**
  - Component manufacturer’s representative

- **ASPEN ELECTRONICS**
  - RF and microwave components

- **TIME**
  - Time and frequency synchronisation

- **PROPERTY TECH**
  - Lighting, connectivity and sensing

Aerospace | Broadcast | Commercial Real Estate | Counter-IED | Data Centres | Defence

Education | Facilities Management | Finance | Healthcare | Manufacturing | Military

Oil and Gas | Retail Space | Systems Integrators | Telecommunications | Transport
APC’s outsourced sales model

Across the APC Group we offer manufacturers the option to outsource their UK and Ireland sales function, either through a distributor or rep arrangement or a blend of both.

The benefits:

- Cost of the sale is proportionate to the value of sale
- Standardised, predictable and lower sales costs
- Immediate market penetration
- Experienced, skilled and goal-orientated sales team
- Stronger local relationships with better market intelligence
- Risk free exploration of new market niches
- Vested partner in manufacturer’s success

= Through outsourcing, our principals can cost-effectively deploy a multifaceted team and gain greater results for their spend.
Focused technical sales model

Specialist business teams
- Specific technical expertise
- In-depth industry and product knowledge
- Incentivised sales teams
- Each team has clear customer and product focus
- Customer data stored on separate CRM systems

Supported by division level:
- Product managers
- Account managers
- Internal sales

Access to Group specialist resources

Marketing:
- Clearly defined plan of campaigns to align with sales objectives

Finance:
- Group finance resource reporting to Board of Directors and adhering to corporate regulations for a PLC

Logistics:
- Order management, compliance with specification and standards. Import, storage and onward logistics
Partnership Case Study 1: Maintaining Growth

- APC has developed a long standing relationship with this high reliability, MIL standard component manufacturer.
- Focussing on the design in of these components within Tier 1 avionics and military customers, APC secured design wins within a number of repeat military and aviation projects.
- This positive traction and engineer-to-engineer engagement resulted in additional project wins, including working on designing out a competitors product following the launch of our superior product from our principal.

The Results:
Grown sales at a CAGR of 19% since 2012

![Bookings US Dollars graph]

<table>
<thead>
<tr>
<th>Year</th>
<th>Bookings US Dollars</th>
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<tr>
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<tr>
<td>FY2018</td>
<td>$700,000</td>
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Partnership Case Study 2: Taking on a new line

• In January 2018, APC was appointed sole UK representative for a microelectronics component manufacturer for the space and high spec industrial sector.

• Previously the principal’s representative had no success in securing new business and design in opportunities. APC allocated the line to an experienced product manager and to a senior engineer sales person with specialist expertise in the space sector.

• APC targeted the space and defence markets, promoting the line to existing customers and targeting new space contacts through membership of UK Space, by exhibiting at various space events and through space focussed literature and mailers.

• As a result, within the space of a year, APC was awarded third place for design registrations at a recent global rep annual award ceremony.

The Results:
Delivered €130K+ of business within the first year and established a pipeline of over €300K for the next 12 months.
Partnership Case Study 3: Market share gain

- UK sales for this finished systems manufacturer were flat.
- APC implemented a sales and marketing strategy focused on value and growth vertical markets, capitalising on market developments and technology drivers.
- Investment in training and resources resulted in an enlarged commercial and sales team dedicated to the product division.

Annual purchase order value (APC FY 1st Sept / Aug 31st)

- FY16 - €509,000
- FY17 - €804,000
- FY18 - €940,000
- FY19 - €1.1M

29% CAGR

The Results:
APC achieved 29% compound annual growth 2015 - 2019
The improving trading performance has not been reflected in an improving share price………although at least the share price over the period has not underperformed the market.
Up to this point, we have made no distinction between the trading strategy and the share price strategy; given the recent history of APC, our focus has been to put the business on a sound footing off of which we could drive growth in shareholder value.

What does that mean:
• This has meant getting the financials, and especially cash, under control, allowing us to trade effectively and reduce leverage
• This has meant defining and pursuing a 3 strand growth strategy
• This has meant developing the operating structure and management structure to deliver this strategy
• Over the last 2 years this has produced substantial trading success, and the business is now on a genuinely solid footing

This has not so far had a positive impact on the share price
• Part of the reason for this is macro: market uncertainty, AIM is generally down, small cap appetite?
• Part of this is micro, in that management have been cautious in making statements during the turnaround of a business that lost £13.0m 3 years ago

So what to do?
• We will pursue increased networking of new institutional investors, increase corporate communication both through RNS, investor magazines, online interviews, investor forums and by looking at paid for research targeted at Private Client Investment Managers (PCIM) and Retail Investors
• We will work with our broker to develop a specific plan to deal with continuous sellers.

= As the macro fog clears, the positive results of our trading strategy should be reflected in the share price
Thank You & Questions?

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