

CHAIRMAN'S LETTER

MOVING FORWARD WITH GROWTH

Dear Shareholder,

The older that one becomes, the quicker the time passes it seems, and this is certainly the case with our progress throughout the 2016/17 Financial Year that this, your annual report, will explain.

In recent years, we have dedicated ourselves to blending organic revenue growth with carefully chosen acquisitions under the umbrella of Continuous Improvement within our operational processes and procedures. This recipe for consistent profit growth clearly keeps on giving as we report another successful year completed and near our first quarter end for the current 2017/18 period.

Our Board is regularly asked for the business outlook implications from Brexit, especially with part of our global interests being within the automotive Tier 1 sector. The most strategic impact is likely to be import and export tariffs in and out of the UK. Fortunately, with our substantial logistics facilities based in Germany, Sweden, Hungary and Holland, plus our new Spanish site, we can switch purchase, warehousing and sales activities between Europe and the UK should the markets demand. Our manufacturing and logistics facility in Italy also provides substantial flexibility to our supply chain should the need arise.

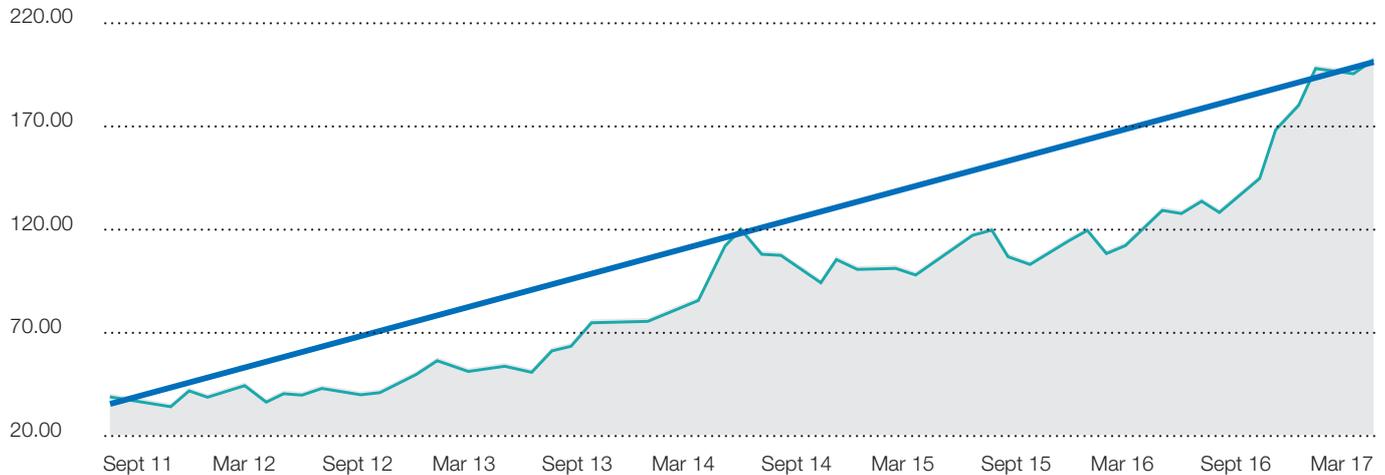
Despite much research and many site visits, this past year has not yielded a suitable acquisition that we felt comfortable with. However, our consistent organic growth provides robust investor returns sufficient for us to maintain our strict acquisition criteria.

This organic growth trajectory is not only driven by selling more to existing customers, and winning new customers, but also by our introduction of new product ranges that are known to be already in demand from our three key market sectors of automotive, domestic appliances and electronics.

Our most strategic new product investment by far is into enclosure hardware (e.g. locks, hinges, handles, cable management etc.) where the global market spend extends to hundreds of millions of dollars, and where the majority of our international OEMs are already large users,



Share price (p)



Share price 31 March 2017: 214.3p (1 April 2016: 130.0p)

often paying premium prices due to design, specification and supply constraints. We believe that our enhanced and unique supply chain flexibility provides *TR* with a competitive market advantage on this vast range of high volume components.

This year has seen another period of major capital and people investment to help sustain our future prosperity, including the significant decision to open a greenfield distribution and technical support facility in Barcelona. Although the UK has grown its automotive production significantly in the last decade, it is not widely known that Spain produced 50% more units than the UK last year, providing *TR* with a clear opportunity to invest to respond to this market demand.

Market dynamics have also prompted our *TR* Midlands team to acquire a second building to accommodate more efficient warehousing plus a training, technical and customer fulfilment facility – mainly to support our automotive customers.

The automotive sector is the most prolific exponent of design and production consolidation and rationalisation on a global basis, which has seen *Trifast* ramp up its technical support and supply chain disciplines across the Group. *TR* VIC in Italy, *TR* Kuhlmann in Germany, *TR* Inc. in USA and *TR* Spain are now aligned with *TR* in the UK, Hungary, India, Thailand, Malaysia, Taiwan, Sweden and Holland with the consistent high level capabilities required by this industry. Recent demand has also turned our focus on to Japan, where currency changes and high quality demands have made our exports into that country more competitive.

This past year has seen a whole raft of new operational processes and people resource initiatives, with our Executive team grasping the reins of a wide range of improvement opportunities that range from broadening our HR support, management training and succession planning to digital investments and treasury management. Most of these activities span more than a year and so I look forward to updating you at a later stage with what I believe will be significant progress.

Having re-joined *Trifast* with Jim Barker way back in March 2009, I have had the absolute privilege in witnessing first the recovery, and now the ongoing underlying growth and development of what I regard as a uniquely dynamic, professional and caring organisation that has every reason to feel confident, but not in any way complacent, about its future prosperity.

I fundamentally believe that we now have the most competent and committed management teams across the Group that I have ever seen in my many years with the Company. This trust has allowed me to step down from my executive role of the last eight years, while still remaining loyal and supportive as Non-Executive Chairman of *Trifast* going forward.

I believe very much that every employee is important and that management must constantly endorse that personally with daily encouragement, recognition and mentorship. It is with pride that I can claim that the *TR* culture is very light on ego, politics and status seeking, whilst being big on loyalty, commitment and work ethics. As this is a core requirement for success I want to sincerely thank our management and all our staff for their contribution to our Company and its excellent performance, not only on my behalf but on behalf of all our stakeholders.

Yours sincerely

Malcolm Diamond MBE

Malcolm Diamond MBE

Chairman

12 June 2017

 Read the **Business review** on pages 32 to 41

 Read about **Corporate governance** on pages 64 to 65