

GROUP STRATEGY



CORE STRATEGY

Market research indicates that total global demand for fasteners is set to continue to grow

For TR this is further supported by expected global growth across all of our key sectors: in automotive, domestic appliances and electronics. We therefore see the next few years as being a period of continued investment and growth. Using as a base the strong foundations we have built and the investments we have already made over the course of 2017, we will continue to make carefully targeted investments in the coming years, to ensure that we are best able to seize the opportunity to grow alongside our key global customers and markets for the long term.

Description

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

Performance so far

We have trading relationships with over 100 multinational OEMs and currently assign strategic account status to 25 of these. These are made up of a mixture of household names and Tier 1 manufacturers across the automotive, domestic appliances and electronics sectors. We have been supplying 19 of these for over ten years, and four for over five.

We are a value-add supplier of specialist component parts, with over 75% of our revenues being derived from customer specific, branded, or licensed products. We provide guaranteed quality and reliability of global supply (sometimes for hundreds of parts at a time), as well as the ability to solve complex and sometimes urgent manufacturing challenges for our customers. Because of this, we are able to avoid competing solely on price and therefore can retain and build on our business relationships for the longer term.

Over 46% of Group sales come from our 25 key multinational OEMs. We carry 'preferred supplier' status to these multinationals, several of which own more than 200 plants, making comparable or identical finished products. Our average percentage of total fastening spend with each of our multinational OEMs is less than 25% globally, so therefore, developing this pipeline, as well as building relationships with new multinational OEMs, is the backbone of our overall growth strategy.

Plans for the future

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

To make this possible, specific investments are being made into our global customer relationship management systems, and our internal key account management structure. Head count and skills gap analysis is already underway across all of our global and local sales and marketing teams. Specific key gaps have already been successfully filled and an ongoing investment programme will be put in place over the coming year to continue to develop and increase our skills in this area.

In the medium term we see our revenue to our top multinational OEMs continuing to increase organically and for us to build meaningful trading relationships with at least another ten multinational OEMs over that same time period to be identified as key development accounts.





Strategic pillar	KPI's	Link to Strategy in Action
 Investing in people	<ul style="list-style-type: none"> • Group total revenue • Key multinational OEM revenue • Return on capital employed ('ROCE') • Broaden skills of management 	 Read more on pages 21 to 22
 Investment driven growth	<ul style="list-style-type: none"> • Group total revenue • Return on capital employed ('ROCE') • Manufacturing to distribution ratio • Underlying cash conversion as a % of underlying EBITDA 	 Read more on page 23
 Continue to add value and differentiate	<ul style="list-style-type: none"> • Group total revenue • Key multinational OEM revenue • Underlying operating margin enhancement 	 Read more on page 24
 Acquisitions	<ul style="list-style-type: none"> • Group total revenue • Return on capital employed ('ROCE') • Underlying diluted earnings per share ('EPS') • Manufacturing to distribution ratio 	 Read more on pages 25 to 26
 Operational efficiencies	<ul style="list-style-type: none"> • Group total revenue • Underlying operating margins enhancement • Group underlying profit before tax • Underlying diluted earnings per share ('EPS') • Underlying cash conversion as a % of underlying EBITDA 	 Read more on page 27

 Read about **KPI's** on pages 28 to 29