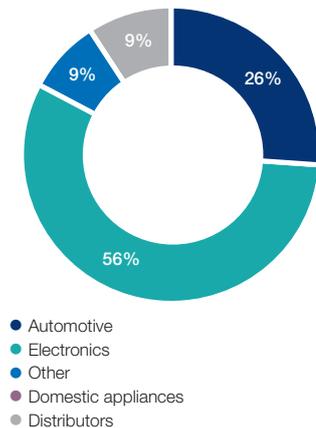


BUSINESS REVIEW

Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency ('Constant Exchange Rate' or 'CER', see note 34 for definition and explanation of rates used) and, where we refer to 'underlying' this is defined as being before separately disclosed items (see notes 2 and 34 for reconciliations to GAAP measures and relevance for these items being separately disclosed)

USA – 3% of Group revenues

Revenue by sector

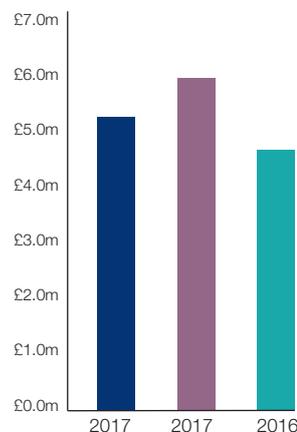


Gary Badzioch
TR Fastenings Inc. Managing Director



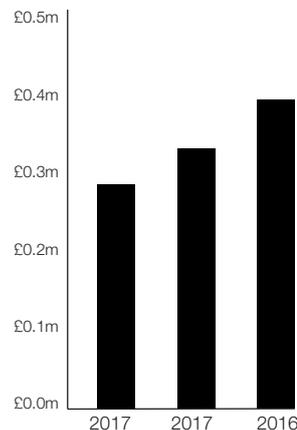
The 2017 financial year for TR USA has turned out as expected, with us comfortably hitting our double digit target revenue increase at 12.3% (28.2% at AER), and bringing our CAGR to 17.5% since 2013

Revenue†



† Including intercompany revenues

Underlying operating profit



● CER
● AER

Regional performance

Such strong and consistent revenue growth is a good reflection of the ongoing successful roll out of management's growth plans for the region. Equally in line with those growth plans, we have seen a temporary fall in underlying operating margin to 5.3% (5.6% at AER; 2016: 8.5%) in the region, as we have used some of the profit for the year as investment to solidify the team for the future. Doing so has continued to strengthen our core team, giving TR USA the flexibility to be more aggressive on growth for the future in both the automotive and electronics market segments.

Our primary growth pattern for the year was in the automotive sector, which we expect will continue to provide fuel for the fire for our future growth. In fact, it was in the automotive sector that we achieved another new milestone. With the support of TR globally, particularly with our Asian manufacturing sites, TR USA was able to add a new key automotive multinational OEM relationship to the Group. This was an important step in the evolution of TR USA, and evidence that we now have enough experience to be a major contributor to the larger organisation.

Looking ahead

There are several exciting geographical markets in the USA presenting opportunities for growth. We intend to exploit such opportunities going forward not only to drive growth, but also to ensure we keep a balanced portfolio of both domestic and export business in the current political environment.

On top of that, TR USA will begin to test out new product segments, such as plastics, to strengthen our portfolio for the future. The plastics product range has already been very successfully developed by TR in Europe, and we hope to mirror its success in the USA.

With our stronger team, we will also bring back a focus on what got TR USA originally started, the electronics sector. By combining these new approaches, while continuing the core strategy of growing our automotive business in both the USA and Mexico, we hope to cement our ability to continue growth at a double digit rate for the foreseeable future.