

Group strategy

Core strategy

Focus on multinational OEMs

Against the backdrop of forecast global economic growth, TR is in a good position to continue to grow

This is further supported by expected global growth across all our key sectors: in automotive, domestic appliances and electronics. There are clearly some big changes already underway in the automotive sector, for example, moving more to electric vehicles, but with our focus firmly on the cabin and dashboard, as well as our proactive approach, we view these changes as providing further opportunities for growth.

Carrying on from FY2018, we 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, we will continue to make carefully targeted investments in the coming years. Working hard 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 with fastenings and related components. Our customers rely on us to deliver engineering know-how, consistent quality, price and availability to supply automotive assemblies, white goods, mobile phone base stations, computer enclosures, cash dispensers and other equipment, often into numerous sister plants around the world.

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 can avoid competing solely on price and therefore can retain and build on our business relationships for the longer term.

Performance so far

We have trading relationships with over 100 multinational OEMs. These relationships reflect where as a business we continue to see great opportunities for growth. Our strategic accounts evolve in line with the opportunities presented to us, as well as the relative positioning of our customers' underlying businesses. However, at any point in time, these will always be made up of a mixture of household names and Tier 1 manufacturers across the automotive, domestic appliances and electronics sectors.

To maintain and develop the strength of these key customer relationships, we have been reviewing our current sales and wider cross functional teams to identify where focused recruitment and investment will bring the greatest rewards. Head count and skills gap analysis is already underway across all our global and local teams. Specific key gaps have been successfully filled, but further investment is required to continue to future-proof the business and meet our multinational OEM customers' evolving needs.



At the same time, over the course of the year under review, we have made several investments into our customer relationship management systems, most specifically via the ongoing development of our global enquiry portal. Since its initial development this tool has been instrumental in allowing us to bring our teams around the world closer together so that we are better able to approach the market in a consistent and integrated manner.

Plans for the future

Over the coming years we will continue to drive investment in both our sales and cross-functional teams to support the ongoing development of our core strategy. In part this will be 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 assist this, the ongoing investment and development of our global enquiry portal is set to continue with our Group and local teams working closely together to review existing functionality against future requirements. This will be further supported by the investments we are making as part of Project Atlas into developing and integrating our wider IT and business infrastructure.

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 period to be identified as key development accounts.

Strategic pillar	KPI's	Link to strategy in action
Investing in our 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 26 to 29
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 30
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 32
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 page 34
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 36

 Read about our **Key Performance Indicators (KPIs)** on page 44

Strategy in action



Investing in our people

HR team



Helen Toole
Group HR Director



Rebecca Rutter
HR Representative



Luke Murphy
UK HR Manager

“A positive working environment can have a very positive impact on employee performance. We are continually reviewing our working environments. Where possible we will approve investment requests to provide our employees with the best facilities that we can

Training and development

We continue to invest in our training provision for our employees to ensure that we have the best skill sets that are relevant for each of our job roles. Our team leader training continues to be a highly successful programme allowing first time managers to learn in a safe and confidential environment. The programme comprises three modules, each run over two days. The participants learn how to operate different styles of management and carry out effective two-way communication as well as how to take a structured approach to delegation. In addition to this they participate in team working exercises and deliver a presentation on a work-based project.

Our leadership training continues and, as mentioned in previous reports, the programme is based on the theory of 'Transactional Analysis', allowing the leaders and future leaders of our Company to create a shared understanding and language around the management of their teams. It also allows those in senior positions to share experiences and to take part in coaching sessions to further develop their skills.

As many of our training courses as possible bring together our employees from different locations which creates a very powerful network across the Group with colleagues creating good working relationships and points of reference in different functions and locations.

These training programmes, together with other training that goes on around the Group, have allowed us to effectively develop our succession planning. We are now in the positive position of having an identified deputy for most of our senior managers, giving us confidence in our ability to allow the most experienced employees to work on strategic projects when the need arises, without the day-to-day management of the business being affected.

Induction training is being re-designed to ensure that new employees have the same experience in terms of their induction no matter where they start with the Group, and we are developing an 'employee portal' that will allow an interactive experience for new employees and provide video content for new starters to fully understand the Group and its global reach.

As part of Project Atlas, we are planning to invest in a new HR system that will allow us to more effectively manage our people information. A new system will also provide us with the opportunity to update our performance management process and the improved management of our training activity. We will also be able to more easily report on the Human Resource, Environmental and Health and Safety key performance indicators.

Integrated business leadership/planning ("IBL/IBP")

Part of our mission statement is 'to create a safe and fair environment to provide clear career development for staff across all of our global operations'. All our activities regarding our people are working towards the realisation of this vision.

Within the IBL/IBP framework we have been able to constructively progress the development of our key performance indicators to support this vision. We now regularly report on:

- Employee development
- Health and safety
- Environment

Through the introduction of a new HR system this process will become increasingly efficient.

Promotion
Maddy Webb
Director of Quality



I studied Metallurgy and Materials Engineering at the University of Birmingham, specialising in Physical Vapour Deposition (PVD) and Chemical Vapour Deposition (CVD) on tool steels for my dissertation. I went on to work for Bodycote heat treatment as a graduate engineer in the Plasma Nitriding and PVD/CVD coating section before becoming Laboratory Manager.

During my career I have worked as a Quality consultant setting up ISO9001 and QS9000 systems in companies across a range of industries, then moved to Lear Corporation in Coventry where I was responsible for the Quality System Management and the PPAP approval of the seat assemblies.

I joined TR Fastenings in 2000 as a location Quality Manager at the Stringers site in Coventry and have enjoyed the opportunities to work with teams at all sites on Quality Control and Quality Assurance projects. As part of the Group Quality team I have worked as both Supplier Quality Manager and Customer Quality Manager, giving me a unique insight into the expectations and needs of both our broad supply base and our large cross section of customers.

Quality is 'conformance to standard' and Quality is everybody's responsibility

We are committed to continually improving our business and we look for opportunities to adopt the highest standards for our products; our services and our systems to support the needs of our customers and the market sectors that we supply into.

We recognise Quality in four key areas: Quality System; Customer; Supplier and Product Quality. Our aims for these areas are categorised below:

- To have a Global Quality System that forms the backbone of our company and demonstrates commitment to recognised Quality standards
- To have a Customer Quality focus that represents the "Voice of the customer" within the business
- To have Supplier Quality processes that identify risk and enables the business to make appropriate choices when planning
- To have Product Quality processes that enable the business through controls that are appropriate to the industry sector, customer application and product risk level

Maddy Webb
 Director of Quality

Promotion
Ping Siong Tong
General Manager, TR PSEP, Malaysia



I joined Power Steel as a Production Executive after freshly graduating from college as a Material Engineer in July 1988.

During my career with the company, I have worked within various departments; production (cold forging, thread rolling, secondary process, heat treatment & surface treatment, production planning), production engineering, quality, and engineering support to customers before becoming Manager in November 2017.

During my 30 years with Power Steel, I have visited various overseas locations, including Japan, Belgium and the USA. The training and experience that I have gained has been invaluable in assisting me within the industry.

My biggest achievement within the Company was to assist with the technical collaboration with a key automotive customer in developing their first automobile engine. 90% of the fasteners that were installed into this engine are made by Power Steel.

Looking ahead, I would like to work and present TR PSEP as a technology driven company that is able to assist our customers in development of new products, cost effectiveness and efficiency in application.

Ping Siong Tong
 General Manager
 TR PSEP Malaysia

Strategy in action

continued



Investing in our people continued

Apprenticeship programme

We continue to provide development opportunities through our apprenticeship programme. This is a successful programme in that the majority of our apprentices find permanent positions within our business at the end of their apprenticeship. This year, we have taken on Ben Rees-Webbe at Bellbrook Park (sales apprentice), Lydia Ball (HR apprentice within Group HR) and one of our warehouse operatives, Bradley McCord, within our Belfast location has successfully become a sales office apprentice.



Ben Rees-Webbe

Lydia Ball

Bradley McCord

Apprenticeship levy

In April 2017 the UK Government introduced the 'Apprenticeship Levy' for employers of a certain size. We are now paying into this levy and will use some of the funds to spend on our apprenticeships and pay our training providers for the apprenticeship qualifications.

Employee engagement

Since the publication of our last Annual Report the Company has embarked upon a regular employee survey programme, managed by an external organisation.

The first, baseline, survey was issued to all of our employees and we received an encouraging number of responses. This survey covered a range of topics so that we could begin to gauge opinions and feelings in a number of different areas. Each subsequent survey has concentrated on the matters that have been most strongly commented upon.

The surveys allow employees to score certain statements and to leave free text comments. All surveys are anonymously completed but employees can identify themselves if they wish to, which allows for meaningful engagement. The results of the survey are grouped by the external provider so that we can receive scores against each question for each location. Any suggestions or comments that are left are linked to a location but not to an employee.

Each Entity Director receives an anonymised report for their location that details the suggestions made by employees and the scores for each question at that location. These reports have prompted positive activity to address any pressing concerns.

The survey programme will continue as we see it as a positive way to engage with our people across the Group.

In addition to the employee survey, we have also introduced an independent 'Whistleblowing' hotline. Whilst employees are encouraged to resolve issues informally and internally as often as possible, this externally provided hotline is available to all our employees for them to report anything they feel uncomfortable about. The service is multi-lingual, completely confidential and any reported incidents are fed back to the Company anonymously.

Equality

We have a respectful culture and want to encourage an inclusive environment where everyone feels comfortable to be themselves. We work and grow together and view laughing together as a sign of enjoyment of our roles and of a lively, busy environment. We need to be mindful of how our humour and comments can affect others, but we do want our working relationships to be as natural and straightforward as possible.

All our employees are recruited, trained, developed and promoted within a framework of equality. We support all our people to achieve their full potential and all employment decisions are based on the ability of the individual. Those decisions are free from any form of unlawful or unfair discrimination and are made in a fair and objective way.

Gender pay gap

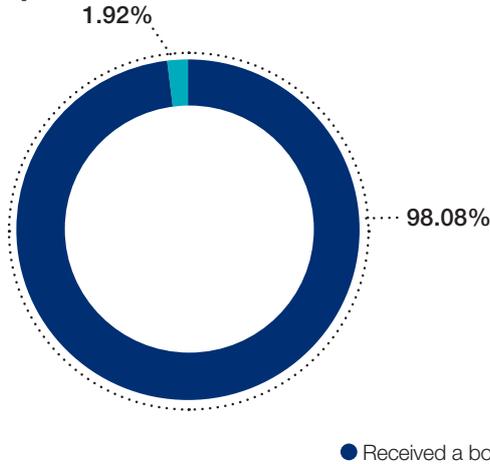
The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 brought into effect a requirement for large employers, such as ours, to report publicly each year on the differences in the aggregate pay and bonuses for men and women. The Regulations mandate how organisations in England, Scotland and Wales with 250 or more employees must calculate a standard set of key metrics on their gender pay and gender bonus gaps, and the format and medium in which they must report them. The full gender pay gap statement is included below.

Our latest gender pay gap report shows overall median and mean gender pay and bonus gap based on hourly rates of pay, and bonuses paid. Based on a median average, our female employees are paid 2.17% more than our male employees. The mean average displays our male employees are 2.5% higher paid than our female employees. This result is significantly lower than the national average of 18.1%.

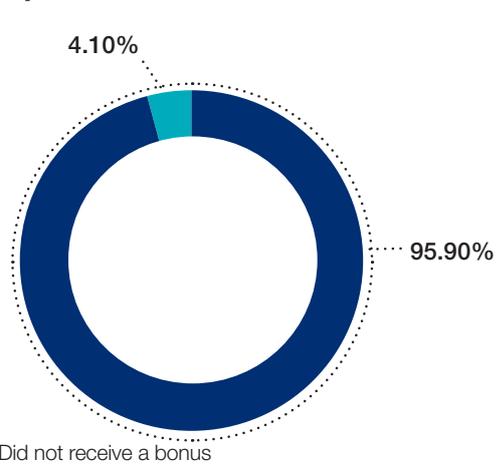
Pay and bonus	Median	Mean
Hourly pay	-2.17%	2.58%
Bonus pay	0.00%	21.00%

Gender pay gap report

Proportion of males who received a bonus

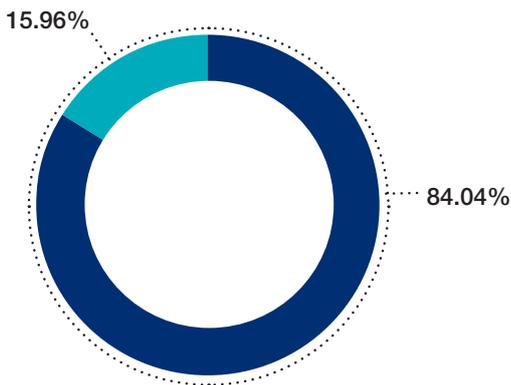


Proportion of females who received a bonus

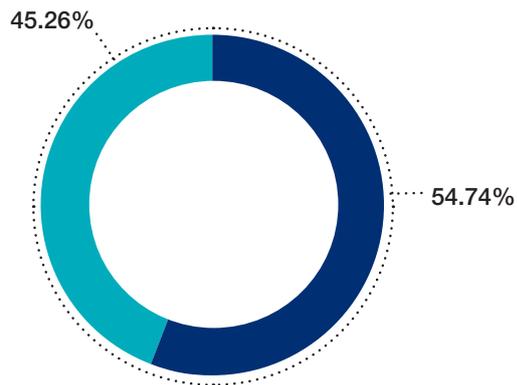


These charts illustrate a difference of 2.18% between the numbers of men and women being paid a bonus. As a Company we reward all our employees, the only reason the statistics do not show 100% is due to the eligibility criteria for the bonus payments at the time of the snapshot.

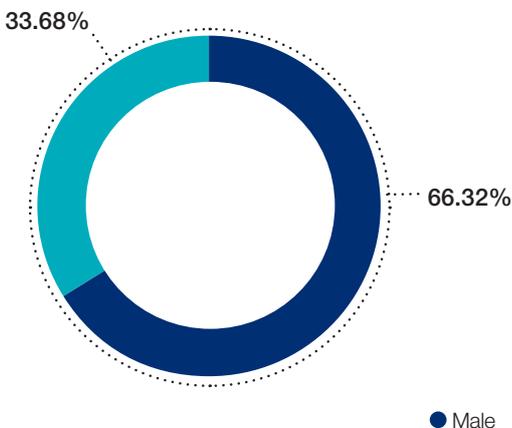
Lower quartile



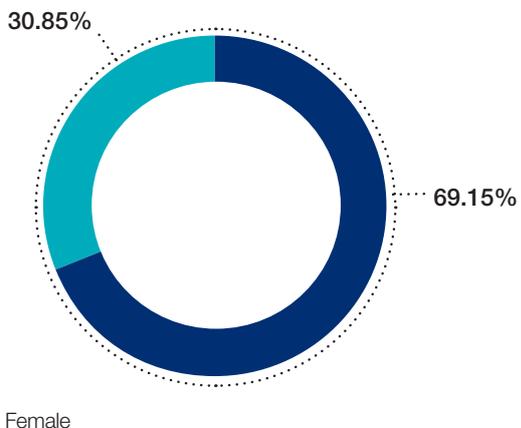
Lower middle quartile



Upper middle quartile



Upper quartile



The above charts illustrate the proportion of male and female employees in each quartile band.

The first year of the gender pay reporting for TR Fastenings provides reassuring data that supports our reward and recruitment strategies. Whilst these results are hugely encouraging we remain committed to ensuring equality throughout the Company and will be closely monitoring these measures on an on-going basis to ensure continued good performance. In conclusion, the results are significantly positive for TR Fastenings, reflecting our approach to equality in all aspects of our employment relationship.

Strategy in action

continued

£ Investment driven growth

Description

At TR we are in a sustained period of growth with FY2018 representing another record breaking year for the Group.

Growth needs investment, not just in terms of our people, but also via capital expenditure in our warehousing, manufacturing capacity and our digital capabilities.

Performance so far

Over the last year we have continued to invest in our manufacturing capabilities around the world. With significant investments into our Italian site aimed specifically at building manufacturing capacity following on from the successful installation of a £1m state-of-the-art heat treatment plant in FY2017.

By far our biggest capital investment in the year has been the new mezzanine extension within our well established and very profitable Singapore site. An investment of c. S\$1.2m has constructed a mezzanine floor and allowed us to invest in additional machines. This will increase local capacity by one third, following further planned expenditure in plant and machinery.

Outside of our manufacturing sites, we have invested in our distribution, warehousing and inspection facilities in Belfast, Holland and Shanghai to support the growing revenues we are seeing in these regions. Whilst our growing presence in Spain, via our new greenfield site, is continuing to provide exciting opportunities both to better service our existing customer base and to access new multinational OEMs in the local marketplace.

Plans for the future

Looking ahead, we continue to see capital investment as a core part of our ongoing strategy for growth with further investments planned across all our manufacturing sites. By expanding our manufacturing capabilities and capacities around the world, we will not only reduce our reliance on purely distribution revenues, but enable better absorption of fixed overheads as manufacturing levels increase.

In addition, we will continue to invest in our distribution business, with further warehouse expansions planned in the coming year, most specifically to support the double-digit growth we have seen in recent years at our Houston site (Hurricane Harvey notwithstanding).



TR España New greenfield location in Barcelona



We officially opened *TR España* at the end of 2016 in a new greenfield site on the outskirts of Barcelona. We are in an ideal location within a new modern facility which is part of the Viladecans industrial development, four miles from the airport and just off the main arterial road.

The rationale for opening was to support the global automotive Tier 1 customers in Spain and Portugal, and Barcelona was chosen due to the potential opportunities for the Company with lots of Tier 1 customers close by. Spain is the second largest automotive market in Europe, producing c. 3 million cars per annum.

We are fully operational having started from "scratch" and the new business won in both automotive and electronics has already justified the set-up decision. Being part of a large global organisation has meant that we can draw from other *TR* people's knowledge and experiences. The support we have had has helped us "hit the ground running".

We passed the all-important ISO 9001, and have had customer audits including one with an important Japanese customer. Our pipeline is now healthy, and we have good incremental growth.

On a personal note, I'm delighted to have joined the *TR* organisation, having been in the fastenings industry for over 16 years. I am honoured to be part of an organisation that is truly global, has its own manufacturing locations which give us a leading edge, and to work with people where customers, employees and quality always comes first.

Raul Fernandez
Commercial Director
TR España

TR Formac, Shanghai New laboratory and warehousing facility



To meet our business growth in China and North Asia, and the increased quality expectation from our multinational customers, *Trifast* has invested in a brand new laboratory and warehousing facility in Shanghai.

New rack design and improved work flow

In order to improve efficiency and resolve conflicting logistic requirements for the handling of high volume/low mix and low volume/high mix parts at the same warehouse, the multi-layer racks have been redesigned to allow efficient storage and easy identification and picking of low volume parts, while ensuring smooth transfer of high volume cargoes within the warehouse. The rack design also allowed a new work practice to be implemented which improved the work efficiency in the warehouse.

Ensuring right products leave the warehouse

The improved rack design helped to free space for a new laboratory within the same facility. New measuring and inspection equipment has been installed with more being procured and planned. This enhanced inspection capability will allow the Shanghai operation to improve its service quality and ensure that products meeting customers' specifications are delivered on a timely basis.

Phua Yong Sang
General Manager
TR Formac, Shanghai

Strategy in action

continued



Continue to add value and differentiate

Description

Our engineering knowledge and experience, supported by our high quality manufacturing locations, means we can add real value to our customers throughout the purchasing cycle. From initial enquiry and product development, through to ongoing supply management, we have the skills across the world to problem solve, and to drive efficiencies throughout the life of the build.

Our reputation in the industry for quality is second to none at a time when customers are beginning to focus more and more on this. We are known for our commitment and ability to go the extra mile for our customers, solving issues before they arise and stepping in where competitors have fallen short. All this commitment is supported by established supplier networks and valuable licences that mean we can offer a full range of quality product to meet our customers' component requirements across a broad range of sectors.

Performance so far

In November 2017 we opened a *TR* Innovation and Technical Centre situated in the heart of Sweden's electric vehicle development area, Lindholmen, Gothenburg. This is a very exciting opportunity which will not only set us apart in the local market place, but will also help to support our wider growth plans in the electric vehicle space.

Our ongoing efforts to expand the products and markets we supply to, continue to mark us out from the competition. We are already seen as a market leader in the supply of certain plastic fastener solutions, and our recent entry into enclosure products continues to build our name in other parts of the market and drive growth.

We continuously undergo and pass customer audits in our manufacturing and distribution locations. With external recognition also evident in the various awards we have once again received during the year.

Plans for the future

Looking ahead we see investing in quality and engineering as an ongoing requirement, as the demands our customers place on us increase across all sectors of our business. We have a very strong foundation to work from, with plans already in place to continue to invest in and build our teams and capabilities around the world.

Having already invested in our website and our cyber security in recent years, over the last year we have been performing a thorough review of our overall digital strategy and are now expecting to make significant additional investment in this area over the next few years via Project Atlas. A key rationale for that investment is to allow us to further differentiate ourselves in the global market place. In a disaggregated market, one of the key benefits we already offer to our multinational OEMs is our global presence and a level of consistency in the way we do business around the world.

Through this investment we will bring the *TR* business even closer together. We will drive more aligned internal processes, a more consistent global approach to the market and allow real-time sharing of key information to help better support, protect and grow our multinational OEM customer base through automating data exchange.

Our global customers are investing and evolving themselves, they are becoming more internally joined up, and as they do so they will be looking to their preferred global suppliers to evolve with them and to be able to continue to respond to their changing needs.

We believe the integration that Project Atlas will bring, will put us one step ahead of that curve, differentiating us in the now and future proofing the business, so we stay fit and ready for the challenges yet to come.

TR Fastenings opens specialist facility in Sweden



In November 2017 TR Fastenings opened its Technical and Innovation Centre in Gothenburg, the heart of Sweden's automotive industry.

The new facility is in the Lindholmen Science Park, which is home to many of the key players developing forward-thinking solutions for the automotive market, including electric vehicle (EV) technology. From major OEM firms and IT software developers to technical and engineering teams from Tier 1 manufacturers, Lindholmen is fast becoming a hub for automotive innovation in Europe.

The specialist Centre will allow TR to achieve two main objectives; to form and enhance working relationships with key customers in the region, and to provide a showroom-style location where existing and potential customers can visit, view fastener products and discuss design and manufacturing options with the highly experienced TR team.

TR's Technical and Innovation Centre comprises a showroom area, housing samples of TR products across 12 categories. Customers can examine the products and see how they are assembled and used in product applications. There is also space to host meetings, where TR can discuss design and manufacturing strategy with customers, partners and OEMs.

Manoj Parmar, Business Development Manager at TR Sweden, comments:

"The Centre offers TR considerable potential in terms of business development; having a base here at Lindholmen sends a strong signal that we are committed to innovation, manufacturing excellence and automotive development. There are so many exciting and successful companies operating in this space and already we've had excellent feedback from businesses who are keen to find out more about the role of fastening technology in the manufacturing process, and how our expertise can assist them in their own ventures."

Eugen Kuhn, Engineering Manager at TR Sweden, adds:

"It is so valuable for both us and our customers if we can be involved early in the design process. We work closely with Tier 1 suppliers including assisting them with OEM requirements, and our expertise allows us to advise them on using the right fastening technology to get the best results. Having this platform in Gothenburg is an excellent opportunity for us to have those vital early conversations with customers and enable them to make profitable decisions."

Awards and recognition



TR Fastenings' USA team recognised for supplier excellence by Yanfeng

Photo credit: On the Run Photography



Global intelligent products provider Flex honours TR with preferred supplier award



TR Kuhlmann passes Kongsberg Automotive VDA 6.3 audit with a score of 96%



TR Holland receives fourth 100% delivery award from Philips

▶ Find out more: www.trfastenings.com/news/awards

Strategy in action

continued

+ Acquisitions

Description

Trifast has consistently demonstrated its ability to deliver 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.

We have a detailed acquisition strategy in place to identify key criteria and geographies, which our in-house acquisition team are using. Over the course of FY2018, this strategy has been further developed by a comprehensive review and redesign of our internal monitoring, reporting and decision making processes. This has been specifically designed to allow decision making in this key part of our growth strategy to operate as effectively and efficiently as possible.

Performance so far

Reflecting a number of the key acquisition criteria mentioned above, in April 2018, *Trifast* acquired PTS for an initial consideration of £8.5m, subject to adjustment based on the net cash in the business at completion.

Based in East Grinstead, UK, PTS was founded in 1988 and employs 27 staff. It is a highly regarded distributor of stainless steel industrial fastenings and precision turned parts, primarily to the electronics, medical instruments, petrochemical, defence and robotics sectors. Its emphasis is on delivering high quality products and services, currently selling into c. 80 countries directly through its well-established distributor network, as well as digitally through its newly developed, fully integrated commercial website which lists over 43,000 products for sale.

This two-pronged approach has enabled PTS to continue to deliver strong sales growth over the last three years.

The management team and previous owners, Jason Collyer, Andy Edwards, and Andy Knight will continue to run the business on a day to day basis, alongside the current PTS operational management team and wider staff base. PTS will run as a stand-alone business within the *TR* family of businesses. Although as with other brands within the *TR* portfolio, we will be working closely with PTS management to unlock supply chain opportunities and via the Group's marketing and global sales services to open PTS up to further international markets and access to *TR*'s wider customer network.

TR has experienced a growing demand for stainless steel fastenings from a number of our global OEM customers. Adding the PTS product portfolio will widen our global stock range to enhance the Group's customer offering and provide further support to our distributor sales (currently c.10% of Group revenue).

We believe that this acquisition will be earnings enhancing in the financial year-ending 31 March 2019.



Plans for the future

Following on from our successful purchase of PTS, acquisitions will continue to be a significant part of our investment strategy in the coming years. However, there can be no doubt that some of our key acquisition geographies are more difficult to access than others for a number of reasons. This can include a lack of publicly available information, a different local business environment, as well as the sheer scale of the opportunities that are potentially available to us in certain geographies.

Now that we have our internal acquisition structure firmly established, over the current financial year our acquisition team will be working on how we can make the best use of external support options. These will be utilised to supplement our own internal capabilities and capacities and to ensure we are able to continue to be successful in this very important area of investment.

“ *TR adds established stainless steel fastener supplier to its portfolio, to drive global product range extension and ongoing growth* ”



Strategy in action

continued



Operational efficiencies



Description

As a Group, *TR* is committed to continuous improvement. We are always looking for ways to make our processes more efficient, whether that is by improving our manufacturing capacity and utilisation, working with our vendor base to manage costs, increasing our available warehousing space or improving our management and business information systems. We understand the importance of an efficient and effective cost structure, to best future proof the business and to support our strategy for growth.

Performance so far

The significant investments we have made in our Italian and Singaporean factories over the last two years have increased capacity and, in the long term, will help improve efficiencies and maintain gross margins as in-house production levels increase. Across our wider manufacturing sites, we have been investing in plant and machinery to improve efficiency wherever possible. In Italy we have invested in automated packaging machinery, whilst in Malaysia these investments have been focused on additional sorting technologies.

For *TR* PSEP, we have been working much closer together as a global team to ensure we make better use of their unique capability within the Group to manufacture very high quality safety critical automotive parts. Our intercompany sales from this site have increased to 9.1% (FY2017: 0.6%), increasing overall production levels in the plant, thereby better covering our semi-fixed overheads and allowing us to continue to build the business globally in the face of a more challenging domestic market. Our internal quoting times have been significantly shortened and the direct involvement of the PSEP team with end customers has helped us to win and continue to grow substantial additional business, most notably in Japan and America.

Plans for the future

In terms of our manufacturing efficiency, in the medium term we expect to see ongoing efficiencies across all our sites as a result of the investments we have made. With one of the most exciting opportunities being our investment in Singapore where, as a result of the mezzanine expansion, we will see capacity increase by one third. This additional production will allow us to bring third party supply back in-house and make quality procedures more efficient.

But it not just about manufacturing. One of the key wins coming out of Project Atlas, our planned investment in our IT infrastructure and business processes will be to automate many of our standard processes. Be that operationally in sales, production, sourcing and quality, or across our back office functions in finance, human resources and IT itself.

Over the current year, we will be designing what those processes will look like in the future, establishing how best we can drive efficiencies, how we can free up more of our people's time so it can be spent on value-adding tasks, how we can use our increased integration to make improvements to our supplier relationship management structures and improve input costs, and how we can improve and automate reporting to help us drive the business forward and make better and quicker decisions in the context of real-time information.

This major investment is about far more than IT infrastructure, it is providing us with the opportunity to look at our business and how it operates in its entirety. Allowing us to drive out inefficiencies and growth opportunities across every element of those operations, whilst at the same time bringing us closer together, and turning *TR* into a world class international business.