



**ToroTrak**

*transforming transmission technology*



**Half year results to  
30 September 2009**



**November 2009**



# Highlights

- **Revenue up 52% to £1.4m**
  - further growth expected in 2nd half to achieve close to breakeven in PAT for the full year
- **Cash of £12.3m at period end**
- **Key customer milestones being achieved in Commercial Vehicles**
- **New STT at Infinitrak very well received ahead of launch**
- **Tractor licensee unveils new transaxle range incorporating Torotrak technology**
- **Two new TSB part-funded programmes announced today:**
  - Torotrak leads Flybus project in Commercial Vehicles
  - Torotrak supports KinerStor in Automotive and Off-highway
- **Strong industry and Government interest in our technology's 'green' credentials and ability to reduce emissions**

***... increasing endorsement = increasing certainty of outcome***



# Strategy

- To realise short term financial returns through engineering income and initial payments from licensing
- To realise longer term financial returns through recurring income flows generated from sales of products that incorporate our technology
- To focus our resources on working with customers in sectors where we have validated opportunities that demonstrate positive returns
- To maintain a high level of financial strength



# Financial Highlights

	<b>Half Year to 30 September 2009</b>	<b>Half Year to 30 September 2008</b>	<b>+/-</b>
<b>Revenue</b>	£1.4m	£0.9m	£0.5m
<b>Loss before tax</b>	£(2.2)m	£(2.0)m	£(0.2)m
<b>Operating cash outflow</b>	£(2.2)m	£(1.9)m	£(0.2)m
<b>Net cash at period end</b>	£12.3m (£15.0m at year end)	£9.7m	£2.6m

- Strong revenue weighting expected in H2
- On target to achieve close to PAT breakeven for the full year



# Revenue Generating Segments

	Engineering services	Income from licence agreements	Development activities Note 1	Other Note 2	Total
	£000	£000	£000	£000	£000
<b>1H 2009</b>					
<b>Revenue by market</b>					
Commercial vehicles	580	747	-	-	1,327
Outdoor power equipment	-	-	-	-	-
Off highway	35	-	-	-	35
Automotive	47	-	-	-	47
Other	-	-	-	3	3
<b>Total</b>	<b>662</b>	<b>747</b>	<b>-</b>	<b>3</b>	<b>1,412</b>
Direct costs	(458)	(7)	-	(2)	(467)
<b>Gross profit</b>	<b>204</b>	<b>740</b>	<b>-</b>	<b>1</b>	<b>945</b>
<b>1H 2008</b>					
<b>Revenue by market</b>					
Commercial vehicles	425	155	-	-	580
Outdoor power equipment	33	-	-	-	33
Off highway	103	-	-	-	103
Automotive	199	-	-	-	199
Other	-	-	-	12	12
<b>Total</b>	<b>760</b>	<b>155</b>	<b>-</b>	<b>12</b>	<b>927</b>
Direct costs	(438)	-	-	(9)	(447)
<b>Gross profit</b>	<b>322</b>	<b>155</b>	<b>-</b>	<b>3</b>	<b>480</b>



# Outdoor Power Equipment



- **TTT – bespoke for premium MTD product**
  - low volume application
  - ‘Zero Turn’
- **STT – engineered for mass market**
  - high volume application
  - universal ‘fit’ for conventional ride-on mowers
  - consumer benefits include:
    - smooth power delivery
    - near silent operation
    - maintains torque through life
    - clear competitive differentiation
- **Uses all new Infinitrak “IP”**
- **Will drive volume 3<sup>rd</sup> party sales**
- **Aggressive push to secure 2010 mid-season launch**



# Commercial Vehicles - Main Drive Transmissions



- Strong start to programme
- Aggressive timing
- Excellent technical capability

## ETBM

- Major milestones achieved
- Build of first prototype transmissions commenced





# Commercial Vehicles - KERS

- **New Government sponsored programme - Flybus**

- mechanical hybrid for a city bus
- fast track programme
- consortium includes:
  - Ricardo
  - Optare
  - support from Allison
- 50% Government funded



- **Deliverables**

- a showcase bus equipped with hybrid KERS
- demonstrable fuel (and emissions) savings

***A big opportunity with potential for OE and retrofit***





# Off Highway - New Product Reveal

- Carraro launch 'VaryT' family
- Full range from 40 - 160+ hp
- Progressive rollout over next five years

Presented by Carraro as:

- Guaranteed fuel economy and CO<sub>2</sub> savings
- Productivity through driver comfort and ease of use
- Overall efficiency: “best in market” for variable drive technology

*Significant endorsement - builds credibility and promotes technology to further Torotrak prospects*

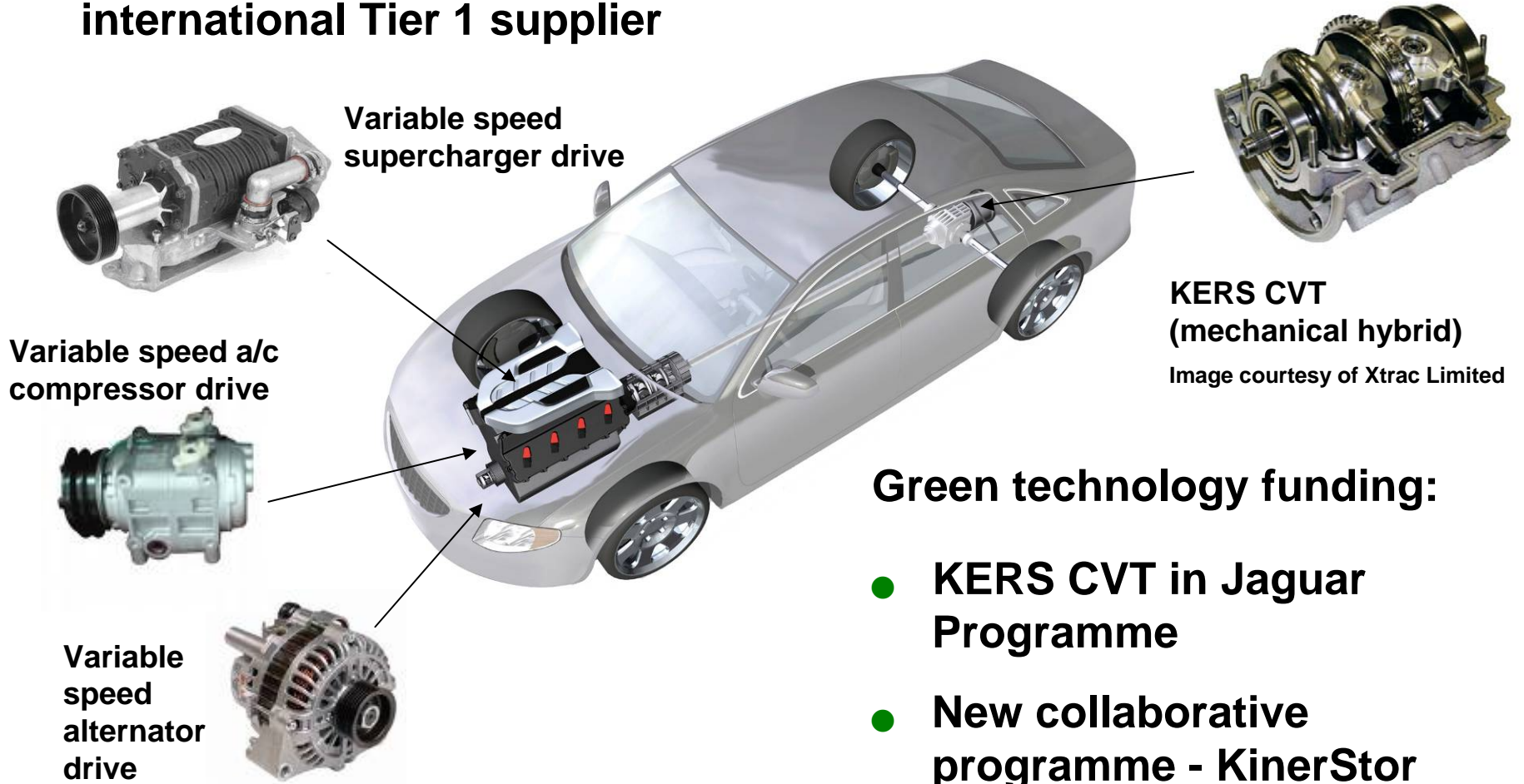


Image courtesy of Carraro Group



# Automotive - TVADs

- **Toroidal Variable Auxiliary Drives – joint programme with international Tier 1 supplier**



## Green technology funding:


- **KERS CVT in Jaguar Programme**
- **New collaborative programme - KinerStor**



# Appendix



# Commercial Vehicles - Main Drive Transmissions

	<14,000 kgs	>14,000kgs (subject to ETBM exclusivity rights to May 2012 latest)	Total
<b>Payments received</b>	£ 2.7m (licence) £1.0m (1 yr excl)	£ 1.0m (1 yr excl)	£4.7m
<b>Due March 2010 (for up to 15 months exclusivity)</b>	£1.9m	£ 1.8m	£3.7m

Then, either Option 1: no further payment - non-exclusive licence or:

<b>Option 2: Exclusivity extended up to March 2013</b>	£2.0m exclusivity fees	<ul style="list-style-type: none"> <li>• £2.8m licence option</li> <li>• £2.0m exclusivity fees</li> </ul>	£6.8m over two years from FY 11 earliest
<b>Options 3 &amp; 4: 20 year exclusivity from date of Allison's election</b>	£5.3m to £5.6m exclusivity fees	<ul style="list-style-type: none"> <li>• £0.0m to £2.8m licence fee/ rights</li> <li>• £5.3m - £5.6m exclusivity fees</li> </ul>	£10.6m to £14.0m
<b>Total additional fees - range</b>	£2.0m to £7.3m	£4.8m to £10.1m	£6.8m to £17.4m



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