

Torotrak plc Strategy Presentation to AGM

4th September 2015



100 Day Plan

Findings and Actions

100 Day Plan – Findings and Actions

Key strengths

- Technology – proven, low cost, addresses OEMs emissions and fuel economy needs
- Legislative drivers – need for solutions is clear
- Position – technology readiness and growing commercial relationships
- Clear window of opportunity to realise value

Weaknesses

- Not sufficiently focused on value
- Tier 1 commitments not yet secured
- Organisation too complex and costly
- Leadership disrupted by Flybrid acquisition
- Cash insufficient to fully exploit opportunities

Actions

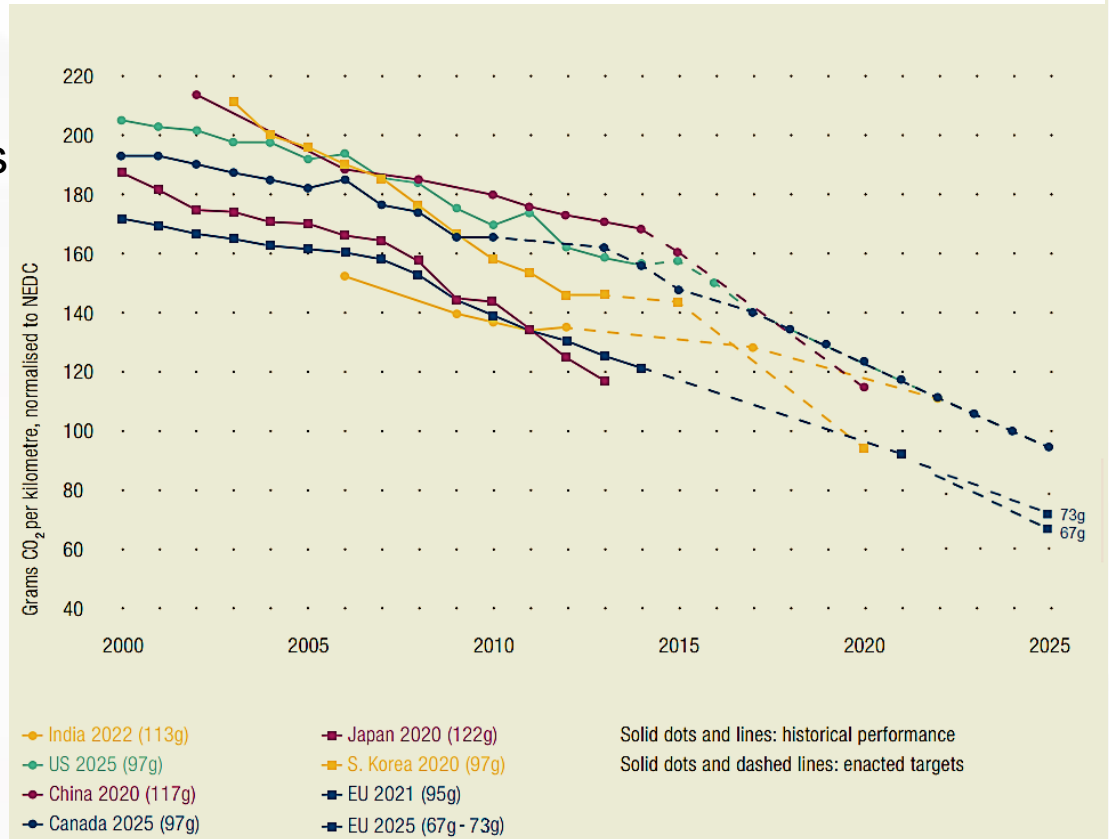
- Focus on realisation of key value opportunities (KERS; V-C; Tier 1s)
- Reorganised into product delivery teams
- Flybrid SPA renegotiated
- Re-finance - £12.4m net raised
- Reduce cash burn
 - Reduce operating costs by c20%
 - Changes to executive remuneration
 - Simplified manufacturing strategy

Strategic Context

Emissions remain our key driver

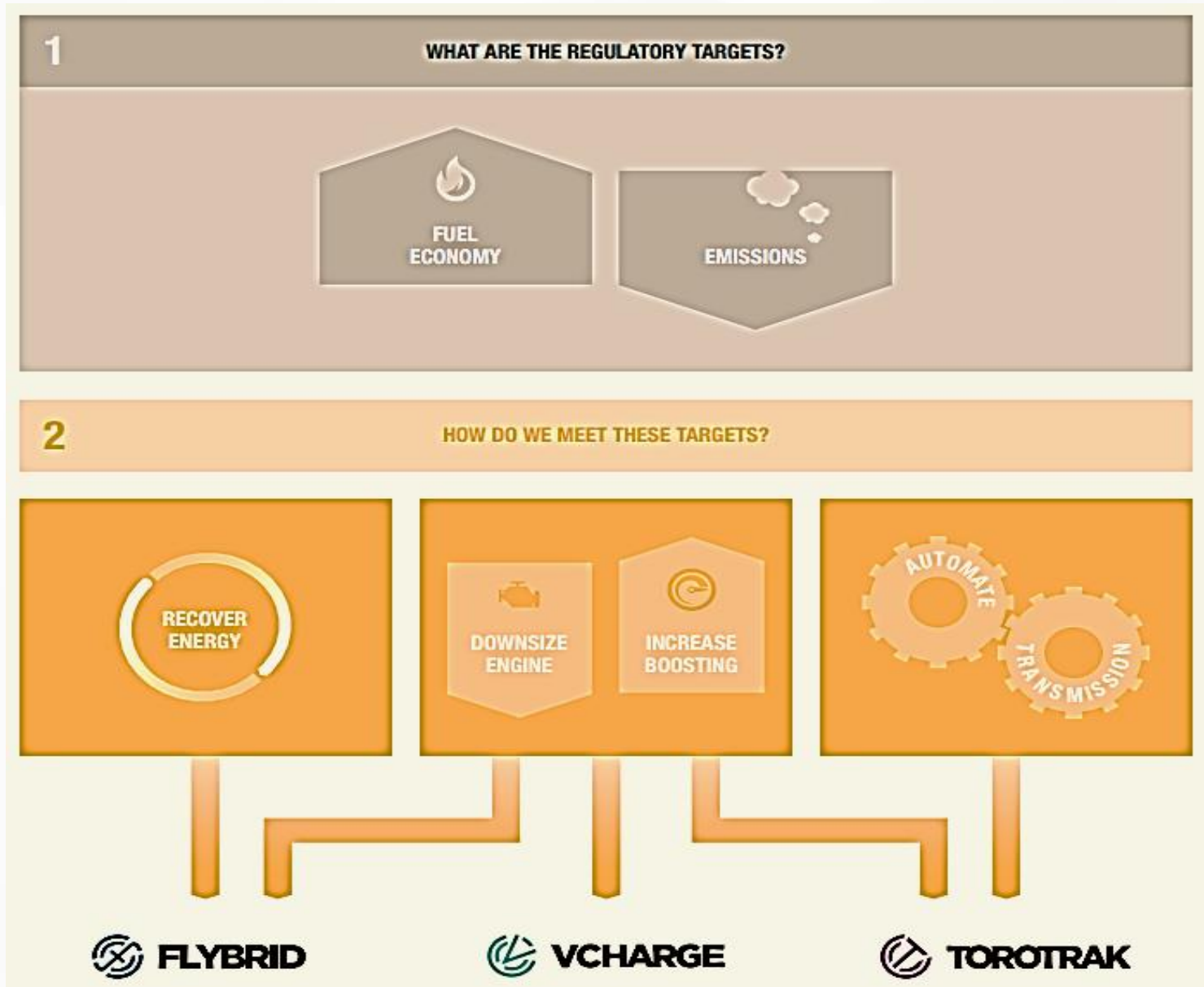
Global CO2 Regulations for New Passenger Cars
Source: www.theicct.com

- Ever tightening
- Growing public awareness
- Better enforcement
eg WLTP
- Cash penalties coming in






OEM's need new solutions to meet these targets from c.2020

We are delivering the needed solutions...



... and addressing a huge global market...

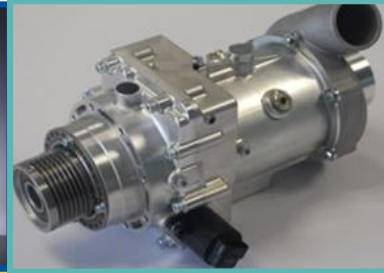
Segment	Vehicles sold in 2020	Market Opportunities		
		Hybrids	Forced Induction	Automatic Transmission
Passenger cars <ul style="list-style-type: none"> Americas Europe Asia Total 	15m 15m <u>53m</u> <u>83m</u>	✓	✓	✓
Trucks	4.4m	✓	✓	✓
Buses (new build)	0.5m	✓		✓
Off-Highway	3.0m	✓		✓
	Torotrak's solution	 <p>KERS</p>	 <p>V-Charge¹</p>	 <p>IVT</p>

¹ Includes pressure boosting using V-Charge CVT

... with significant licensing potential



KERS



V-Charge



IVT/CVT

	KERS	V-Charge	IVT/CVT
Passenger cars	Available	Available	Available
On-highway - bus	Available	Available	Only LDV available to license
On-highway - truck	Available	Available	Only LDV available to license
Off-highway	Available	Available	Available

More than £29m generated in licence fees from IVT alone to date



Flybrid KERS Kinetic Energy Recovery Systems

Customer launch plans

Wrightbus Bus KERS

- Fuel economy proven in rig and bus trials
- LEB grant applications to be submitted by October 2015
- Target SOP for commercial launch mid-2016
- Wrightbus predicts operator payback within 5 years
- Fuel savings independently validated on Millbrook test track



JCB Off-Highway Hydraulic KERS

- Testing in vehicle underway
- Very attractive fuel savings
- Avoids heating/cooling issues of hydraulic system
- Significant global market – market in excavators/loaders estimated to be ~480k p.a.



V-Charge Variable Ratio Supercharging

University of Bath & Ford

- Close co-operation with Ford and global Tier 1 engine boosting supplier
- Expected to demonstrate the performance, fuel economy and emissions of a V-Charge equipped vehicle and confirm opportunities for further engine downsizing
- Simulation complete – confirms benefits of V-Charge vs competition
- Validation of simulation studies in vehicle – results due Q1 2016



V-Charge successfully competes with:

- *Multi-stage turbo charging (better response and reduced thermal inertia)*
- *Conventional roots-type supercharging (reduced parasitic losses and improved NVH)*
- *E-boosting (lower cost, enables more aggressive downsizing)*

Torotrak Infinitely Variable Transmission

New IVT opportunities

Univance



- Supply of key components: variator discs & rollers
- Next stage – secure development programmes with OEMs
 - Addressing potential new V-charge customers, and
 - Off-highway customers

Allison



- Potential new auxiliary transmission device application

V-Charge Variator

- Design can be “productised” – proven, low cost
- Target new applications (e.g. engine ancillaries)

Current Status & Outlook

Real progress has been made

KERS

- Wrightbus re-design:
 - ✓ Fuel economy
 - ✓ Size/weight
 - ✓ Cost
 - ✓ Vehicle integration
- JCB Programme
 - ✓ Prototype on excavator
 - ✓ Performance
 - ✓ Cost
- Production
 - ✓ DFM and DFA
 - ✓ Supply base
- Testing
 - ✓ Durability
 - ✓ Vehicle dynamics
- Commercial
 - ✓ Tier 1 partner
 - ✓ Sales plan

V-Charge

- Bath study
 - ✓ New design
 - ✓ Integrated to engine
 - ✓ Rig testing
- Production
 - ✓ Univance
 - ✓ Supply base
- Commercial
 - ✓ Ford
 - ✓ Tier 1 Partner

IVT

- Univance
 - ✓ Growing role
- Allison
 - ✓ Durability
- S-Contactt
 - ✓ Started

The path to commercialisation

Deliver key KERS projects

- Wrightbus
- JCB
- Manufacturing and Supplier base

Develop new KERS opportunities

- Off-highway – hydraulic and kinetic
- On-highway – truck and passenger car
- Electric Vehicle

Deliver working V-Charge

- Complete Bath project
- Develop customer demand
- Manufacturing and Supplier base

Develop new IVT opportunities

- V-Charge variator
- Univance prospects
- Existing licensees

Licence(s)

- Geographic
- Sector
- Type eg Transmission, hydraulic, EV

Licence or sell

Licence(s)

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Thank you

