



“Our core skills continue to allow us to increase market share across a wide customer base and put us in a good position to keep moving forward”

Malcolm Diamond MBE
Chairman

Chairman's letter

Our global business serves a broad and balanced range of sectors and geographies – c. 70% of revenue derives from outside the UK

Dear Shareholder

At the risk of appearing predictably repetitive, I am happy to confirm that *Trifast* has again completed another successful year's trading. In addition, steady progress has been made with Project Atlas, now in its second year of global development, whilst remaining on schedule and on budget.

It is worth me gratefully acknowledging that, despite the vastly increasing workload undertaken by the Project Atlas *TR* Steering Committee and team leaders (>30 front line managers and staff) this year, the commercial dynamics of the Group has not only been sustained, it has delivered yet another year of organic revenue and underlying operating profit growth – aligned to forecast and investor expectations.

Incremental organic growth was bolstered in 2018 by the acquisition of PTS in the UK, a key player in the growing stainless steel fastener distribution market on an international basis. This has not only enhanced the Group financially, but has enabled *TR* to consolidate a one-stop shop procurement and supply chain via the highly motivated and experienced PTS management team. This will yield a 1 + 1 = 3 cost benefit in addition to its consistent profitability.

We are, of course, only too aware that the UK automotive market media headlines have reduced City confidence in any UK based Tier 1 and 2 suppliers, and that *Trifast* enjoys nearly a third of Group revenue in this sector. However, our market positions in many international automotive markets are relatively small, which has enabled us to leverage our competitive advantage in both product offering and manufacturing flexibility to make significant market

share gains despite the reduced headline vehicle volume production globally through the later part of 2018 and early 2019. With an increasing focus overseas, this has enabled us to deliver a very encouraging organic revenue growth of over 6% in the automotive sector this year.

As part of our automotive strategy, last year we opened a new Technical and Innovation Centre in Gothenburg, Sweden, where there is an electric vehicle (EV) design and development hub supported by several major EU car manufacturers. This year, this was replicated by the new UK Technical and Innovation Centre in Birmingham, UK. Two years ago we successfully opened a full service distribution hub in Barcelona, as Spain manufactures twice as many vehicles as the UK and represents a very attractive opportunity for *Trifast*.

Interestingly, our highest regional automotive growth of 65% was achieved by our dedicated *TR* team based in Houston, USA. This market was identified as a key strategic target two years ago, and now the initial investment and hard work is certainly paying off, as car makers consolidate the design of common components, used on common platform models and assembled in various geographies around the world.

It is noteworthy in relation to current market dynamics that c. 70% of *Trifast*'s revenue derives from outside of the UK.

It is a fact that with a widely diverse Group we seem to reveal a new emerging “jewel in the crown” with regard to performance on a regular basis, and in recent years our new star performer has been our *TR* branded product sales team selling mainly to distributors in the UK and Europe. They have developed from having appointed nine master distributors

in seven countries in 2009 to 34 in 32 countries this year, with a resultant doubling of sales during the past five years, thus making a material contribution to Group revenue.

It is noteworthy that our sales success is today driven more by engineering and technical support than traditional sales representation, hence our recruitment in the past two years of experienced and qualified sales engineers, which now underpins our ability to provide onsite customer service in the USA, UK, Europe and Asia – and has proven to be a key element of securing greater automotive market share.

Finally, I need to thank my colleagues – all 1,300 of them working within 18 different countries, for their dedication, enthusiasm and commitment to our business and its strategy.

My appreciation also sincerely goes to my three other non-exec director colleagues who proactively support

the Board’s intentions to maintain the highest standards of corporate governance on behalf of our loyal long term shareholders.

Many companies claim that their business has a unique and winning culture, and *Trifast* is no exception. However, it’s not just us making that claim, but outside observers and commentators who have regularly imparted their views on how rare and encouraging it is to see staff from diverse countries clearly cooperating and openly sharing information to deliver the results that are needed, whether it be service, quality, pricing, procurement or, of course, profitability.

Yours sincerely

Malcolm Diamond MBE

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Chairman

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