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CARCLO PLC

Results for full year ended 31 March 2017

Presentation to Analysts
6 June 2017

Carclo is a leading global manufacturer of fine tolerance parts for the Medical, Industrial, Aerospace and Luxury and Supercar Lighting markets

Global contract manufacturer to medical market

Leading designer and manufacturer of luxury and supercar LED Lighting

Leading supplier of aviation control cables in Europe

Strategy to expand manufacturing capabilities to further drive value

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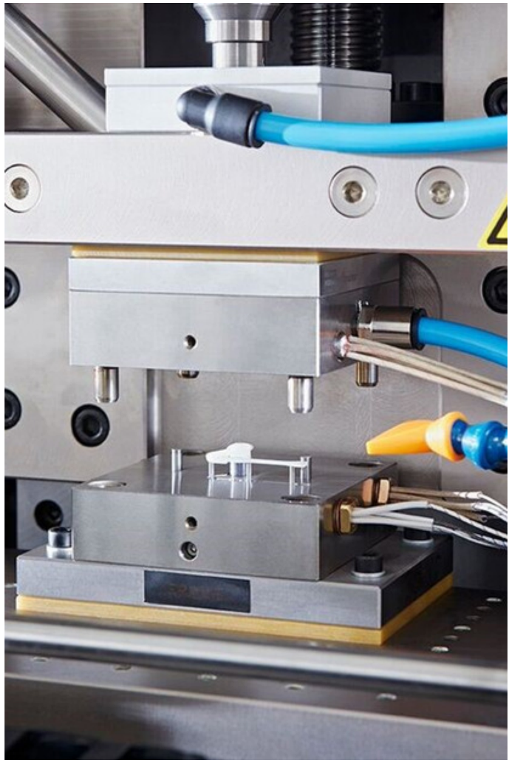
FY2017 Highlights



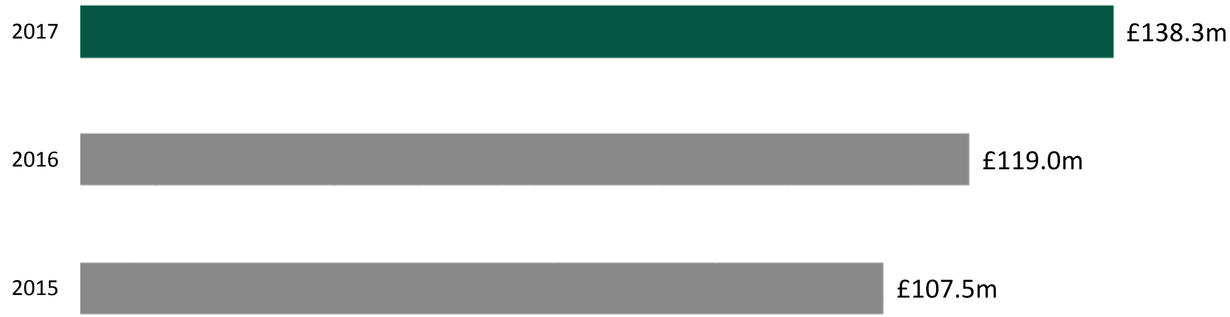
- Group revenue increased by 16.2% (10% at CER) to £138.3 million (2016 - £119.0 million), reflecting continued strong sales progression across our businesses
- Underlying* operating profit increased by 24.6% to £12.5 million with underlying operating margin increasing 60 bps to 9.0%
- Underlying* profit before tax increased by 25.9% to £11.0 million (2016 - £8.8million)
- Basic underlying* EPS increased by 19.8% to 12.1p (2016 – 10.1p)
- Completed acquisition of Precision Tool and Die for £4.6million and FLTC for £1million, with rapid integration into the Group
- Group remains well placed to continue delivering its growth strategy with a strong order book and momentum into the new financial year

*before all exceptional items

Strategic KPIs

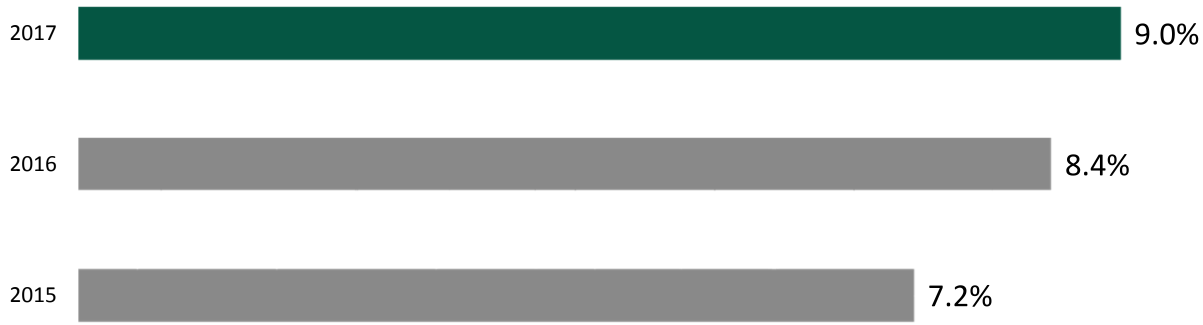
Revenue growth

- Year on year revenue growth is a strong indicator of success in delivering the Group's strategy – up 16.2% on the prior year



Underlying operating margin

- Margin strengthened 60 bps to 9.0% in 2017



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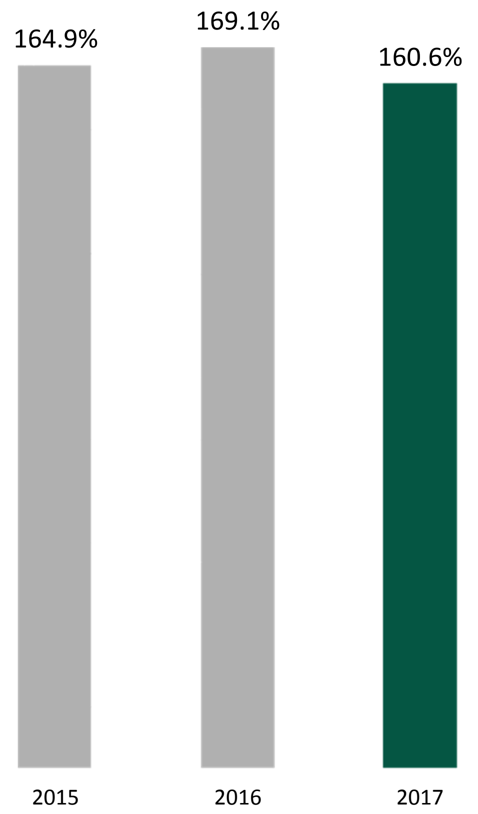
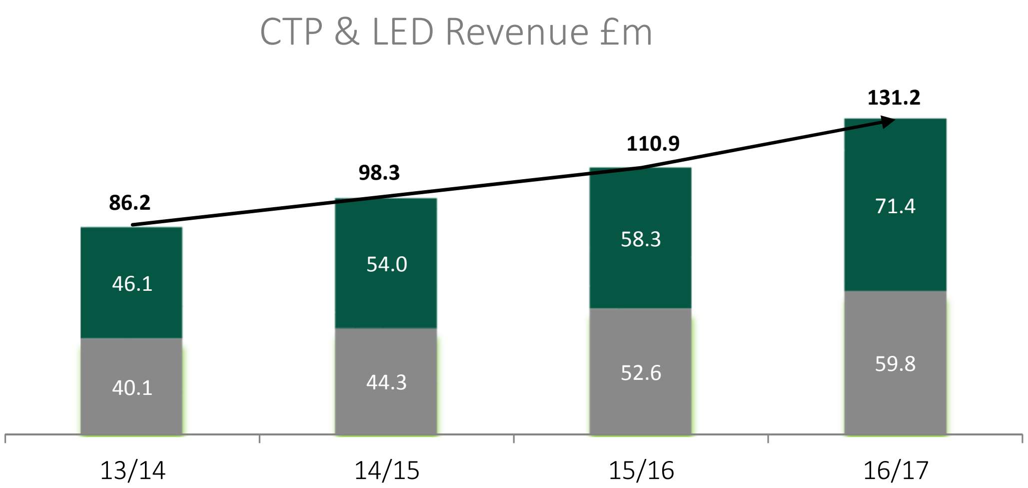


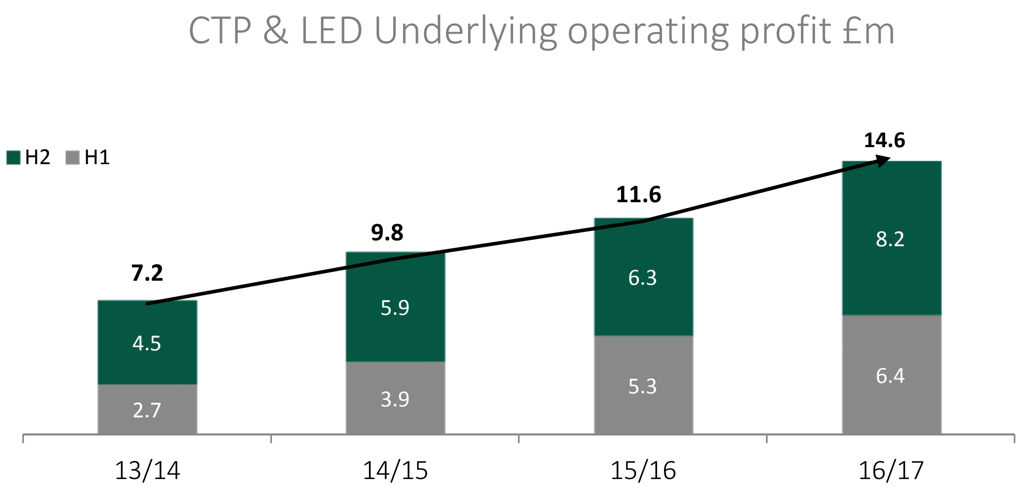
Strategic KPIs

Return on Investment*

- Our criteria for all major capital investment continues to require that investments enhance our ROI performance in the medium term
- The reduction in 2017 reflects acquisition timing, adjusted for which ROI would have been 178.5%
- Underlying operating profit as a percentage of annual investment shows improving returns
- Over the past four years ROI has increased from 140.1% to 160.6% on a like for like basis

CTP and LED divisions drive strong Group performance





- Technical Plastics revenues up 24.6%, benefiting from prior investments in capacity expansion and currency tailwinds
- LED revenues up 7.3%, with successful product launches during the year for customers including Aston Martin and McLaren Automotive

- CTP underlying operating margin increased 110 bps to 9.9%, mainly due to increased utilisation of US and UK facilities and improved efficiencies as new programmes matured
- LED increased its underlying operating margin from 13.3% to 13.6%

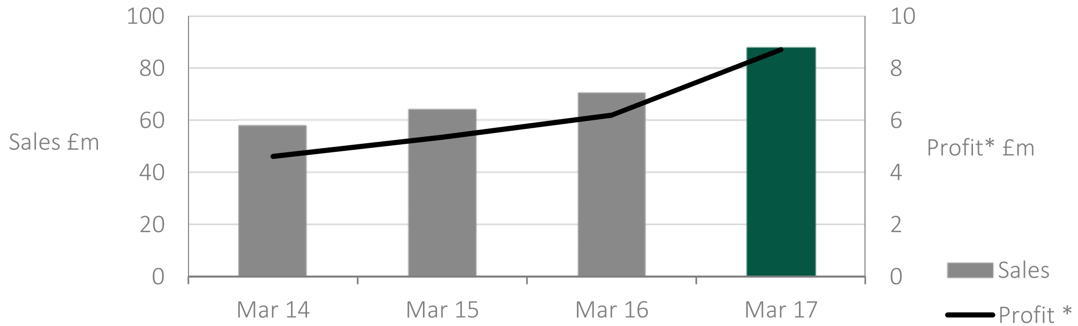
Financial Highlights

	Year ended 31 March 2017	Year ended 31 March 2016
	£000	£000
Revenue		
Technical Plastics	87,814	70,473
LED Technologies	43,419	40,468
Aerospace	7,049	6,386
CIT Technology	Nil	1,647
Total	**138,282**	**118,974**
Underlying operating profit*	**12,498**	**10,034**
Exceptional items	(541)	(4,857)
Operating profit / (loss)	**11,957**	**5,177**
Underlying profit before tax	**11,019**	**8,752**
Profit / (loss) before tax	**10,478**	**3,895**
Basic earnings per share	11.5p	3.3p
Underlying earnings per share	**12.1p**	**10.1p**
Dividend per share	Nil	0.90p
Net debt	26,025	24,750

*before exceptional items

Technical Plastics

Technical Plastics



Revenue increase	+24.6%
Underlying Operating profit increase	+40.6%

- Record year of new business wins
- Improved US efficiencies from Tuscon and Latrobe site expansion and programmes maturing
- China sales increased as new medical programmes moved into production
- Revenues benefited from £8.5million currency tailwind

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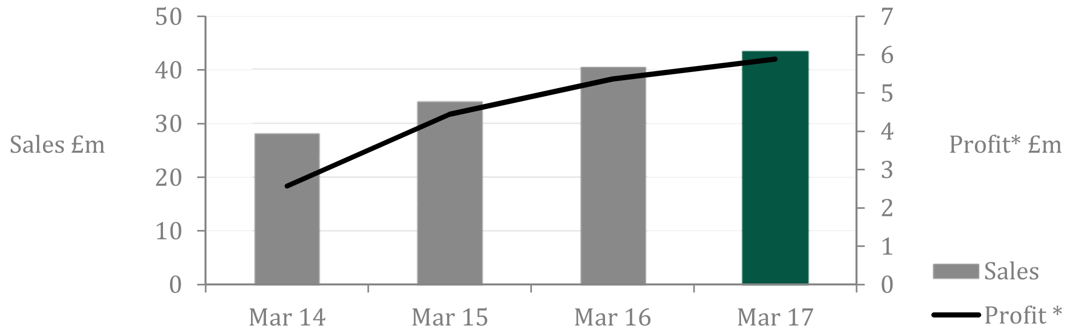
LED Technologies



Revenue increase	+7.3%
Underlying Operating profit increase	+9.7%

- Improved profitability reflects weighting to higher margin contracts and efficient ramp up of production programmes
- Strong growth potential enhanced by new programme wins in the mid-volume sports car and premium sector

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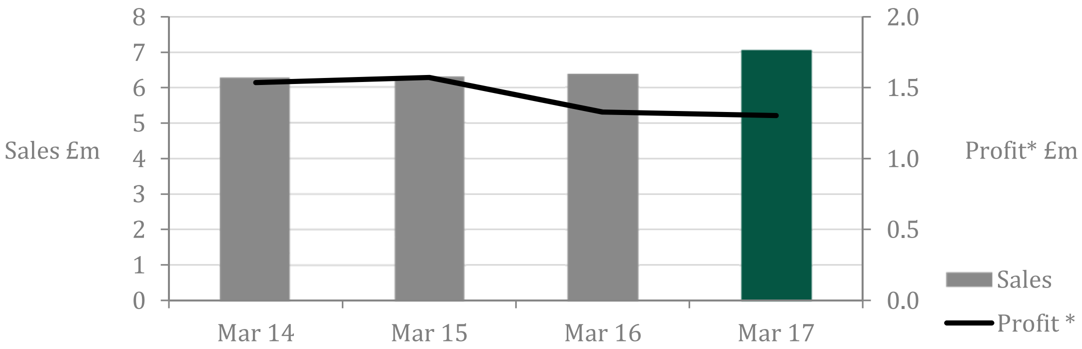
Aerospace



Revenue increase	+13.8%
Underlying Operating profit decrease	-0.2%

- Aerospace has generated strong profits and cashflows

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Income Statement Comparative

	31-Mar-17	31-Mar-16
Revenue	**138.3**	119.0
Operating profit		
Divisional operating profit	**15.9**	12.8
Central costs	**(3.4)**	(2.8)
Underlying operating profit from continuing ops	**12.5**	10.0
Exceptional Items	**(0.5)**	(4.8)
Operating (loss) / profit	**12.0**	5.2
Net financing charge	**(1.5)**	(1.3)
(Loss) / profit before tax	**10.5**	3.9
Income tax credit / (expense)	**(2.5)**	(1.7)
Loss on discontinued operations, net of tax	**(0.0)**	(0.0)
(Loss) / profit for the period	**8.0**	2.2
Basic earnings per share	**11.5p**	3.3p
Underlying earnings per share	**12.1p**	10.1p
Dividend per share	**Nil**	0.90p

- Revenue increased by 16.2% to £138.3 million
- Underlying divisional operating profit increased 23.3% to £15.9 million
- Increased interest charge includes £0.8 million IAS 19 pension financing charge
- Underlying tax charge of 24%
- Underlying earnings per share increased 19.8% to 12.1p

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Financial Position – Cash Flow

- Strong underlying cash generation from operations of £16.6 million
- Majority of capex was in CTP, including the initial expansion of Mitcham site. Significant investment in Wipac production equipment, supporting increased activity
- Cash flow relating to acquisitions comprises £4.6 million initial acquisition cost of PTD and £1.0 million acquisition cost of FLTC net of cash acquired

	£million	£million
Net debt at start of period		(24.7)
Underlying cash from operations	16.7	
Working capital	(6.7)	
Interest and tax	(2.9)	
Net capital expenditure	(8.1)	
Free cash flow	(1.0)	
Additional pension contributions	(1.2)	
Proceeds from share transactions	7.7	
Exceptionals	0.6	
Equity dividends	(0.6)	
Cash flow from corporate activities	6.5	
Acquisitions	(5.7)	
Development expenditure	(0.1)	
Exchange movement	(1.0)	
Movement in net debt		(1.3)
Net debt at end of period		(26.0)

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Financial Position – Debt & Facilities

Net Debt

- Net debt of £26.0 million at 31 March 2017
- Increased since 31 March 2016 due to continued investment in the Group's manufacturing capacity and higher working capital to support growth
- Additional funds raised from the share placing have been used to reduce net debt and to fund investment plans
- Year end net debt to EBITDA ratio was 1.51x (2016 – 1.77x), bringing the Group very close to 1.5x medium term target, which we expect to better in the current financial year

Bank Facilities

- £30.0 million of committed facilities through to March 2020 and £11.0 million of overdraft facilities
- Continued good levels of headroom on its main banking covenants

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Financial Position – Pensions

- Materially decreased corporate bond yields post EU Referendum impacted IAS19 pension liability
- Scheme assets have increased by £3.2 million and scheme liabilities have increased by £12.5 million
- IAS19 financing expense of £0.8 million and scheme administration costs of £0.6 million reflected in the income statement

	2017	2016
Defined benefit obligation at the end of the year	£209.4 million	£196.9 million
Fair value of scheme assets at the end of the year	£176.9 million	£173.7 million
Net liability for defined benefit obligations at the end of the year	£32.5 million	£23.2 million
Net liability for defined benefit obligations at the end of the year net of related deferred tax	£27.0 million	£18.9 million
Discount rate at 31 March	2.60%	3.50%

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Financial Position – Pensions (cash)

- £1.8 million cash cost of the Pension Scheme includes Scheme administration costs of £0.6 million and a £1.2 million annual recovery plan payment
- Recovery plan provides that the Group will aim to eliminate the funding deficit over a period of 14 years and 8 months from 1 November 2015
- Annual contributions of £1.169 million, increasing at 2.9% per annum alongside the Scheme's assumed asset returns which are in excess of the discount rate used to discount the Scheme liability
- Next triennial valuation is expected to be in March 2018

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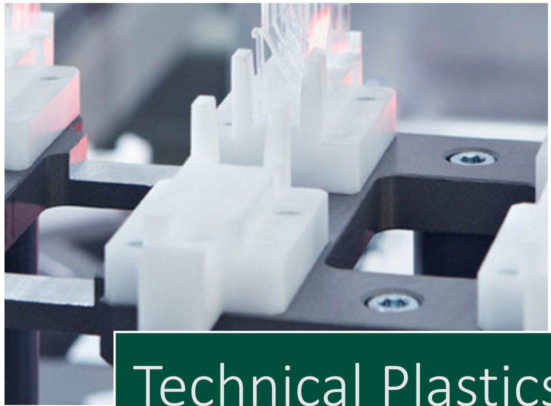
Financial Position – Dividends

- On 31 August 2016 the Group announced that subsequent to the EU Referendum result on 23 June, there had been a sharp reduction in the corporate bond yield used to discount the Group's pension liability under IAS 19
- Resulted in a significant increase in the Group's pension deficit as at 30 September 2016, extinguishing the Company's distributable reserves
- Since 30 September 2016, corporate bond yields increased modestly contributing to a reduction in the Group's IAS19 net deficit of £14.3 million, with a resulting positive impact on the Company's reserves
- Measures have been taken to distribute reserves from UK subsidiaries which involved a number of capital reduction exercises relating to those subsidiaries' transition to FRS 101
- At 31 March 2017, the Company's reserves were £22.4 million (2016 - £7.9 million)
- The Board recognises the need to reward shareholders and for them to participate in the growing profitability of the business and it intends to recommence dividend payments in the 2018/19 financial year provided that the level of distributable reserves is sufficient such that a sustainable and regular dividend can be reintroduced



Technical Plastics

LED Technologies

Aerospace

Markets & Strategy Actions

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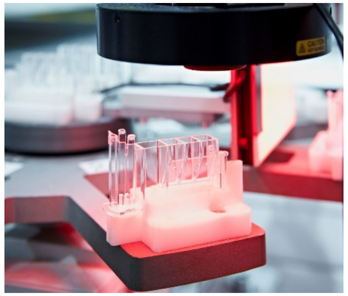
Technical Plastics



	Mar-17	Mar-16
	£m	£m
Revenue	87.8	70.5
Profit*	8.7	6.2
Margin	9.9%	8.8%

- Turnover increased 24.6% and operating profits up 40.6%. Medium-term 10% target has almost been met (exceeded on constant currency basis) and utilisation is expected to increase further
- PTD extended CTP's reach into a further three of the Top 20 global medical device manufacturers, lifting its coverage to 10 of these manufacturers in total
- Revenue growth strategy supported by expanding capabilities in each of our operations to meet customer needs and to further allow development and delivery of new projects for both existing and new customers
- Further expansions in the UK and India underway for completion later in 2017. All expansions are underpinned by previously awarded customer programmes
- New Taicang facility is operating well, supporting the growth of its main medical customer and beginning to secure new opportunities from existing and new customers

*Underlying operating profit

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LED

	Mar-17	Mar-16
	£m	£m
Revenue	43.4	40.5
Profit*	5.9	5.4
Margin	13.6%	13.3%

- Operating profit increased by 9.7%. Performance driven by high level of design and development work in the supercar lighting division and a number of projects entered the manufacturing stage
- Second mid volume lighting programme for a prestigious new hybrid vehicle and existing project grown to mid-volume. Further progress in this segment will drive continued long term growth of revenues and margins
- Unique custom design and technical plastics manufacturing solutions differentiates us from our mainstream competitors
- Successful product launches during the year for customers including Aston Martin and McLaren Automotive.
- Expansion of the main Buckingham, UK site, to be completed late 2017.
- FLTC brings experienced and skilled workforce and a first operational footprint for Wipac within Continental Europe

*Underlying operating profit

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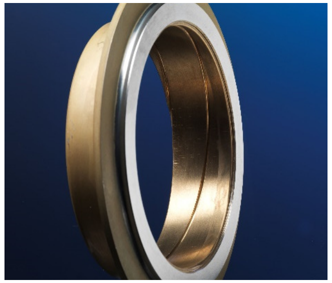
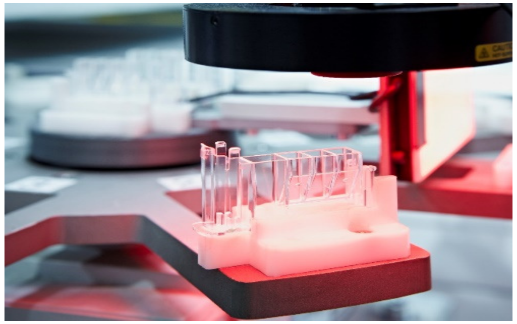
Aerospace



	Mar-17	Mar-16
	£m	£m
Revenue	7.0	6.4
Profit*	1.3	1.3
Margin	18.5%	20.8%

- Aerospace business again performed solidly
- Continued diversification of product portfolio into a range of machined components, thus maintaining overall profitability
- Continues to be a high margin, highly cash generative business

*Underlying operating profit



Group Strategy & Delivery

- Creation of sustainable growth in revenues and operating profits through the development of innovative and highly efficient solutions for existing and new customers to ensure that they see real benefits accruing from working in partnership with us
- Focus on organic expansion of our facilities to grow revenues and to look for small bolt on acquisitions that can accelerate growth and provide additional technical capabilities
- Addition of PTD enhances CTP product offering by adding Prototyping and Toolmaking activities as well as three new global top 20 medical device customers
- Wipac continues to see significant growth opportunities in the low volume luxury and supercar segment and as we establish ourselves in the mid-volume segment we expect a significant step up in the scale of our operations; acquisition of FLTC is key to this strategy

Outlook

- Our growth throughout the year continued to be strong and was in line with the Board’s expectations. This has driven a significant increase in profitability
- Our Technical Plastics division is continuing to facilitate strong growth in revenues which is resulting in good margin appreciation. The acquisition of PTD provides further capabilities and opportunities for this division and its customer base has been enthusiastic about the combination of our businesses leading to an enhanced offering going forward
- In LED Technologies, Wipac has continued to perform well, benefiting from good product demand and its continuing ability to win new customer programmes; it is expected to deliver significant growth into the future. The acquisition of FLTC adds skills, capabilities and further design resources to our LED Technologies Wipac supercar and luxury car lighting business which will help it to realise its growth strategy
- We closed the year with, a strong order book, encouraging sales momentum and an exciting pipeline of opportunities across our businesses and we expect the growth that we have seen in recent years to continue.
- We are well placed to increase the Group’s profitability through the coming years

Forward looking statements - Certain statements made in this presentation are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events to differ materially from any expected future events or results referred to in these forward looking statements.

End