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Results for the full year ended 31 March 2020

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Antony Collins
Chief Executive Officer

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Summary

Group revenue*	Underlying Op Profit*	Net Debt	ROCE(%)
+4.9%	+14.4%	-28.9%	+810bps
£110.5m	£7.3m	£27.4m	10.1%

- On 20 Dec 19 the Group disposed of the loss-making LED division.
- On 14 Aug 20, the Group signed the tripartite agreement which concluded the restructuring of its main creditors, HSBC and the Pension scheme.
- As a result the Group now has a more stable platform from which to develop the business.
- CTP and Aero performed well against the backdrop of a challenging year.
- COVID 19 had limited impact on overall trading in Q4(FY20) but disruption was more extensive in Q1(FY21).
- Medium and longer-term prospects for CTP remain robust, with the business having a strong position in the medical diagnostics market.
- The medium-term prospects of the Aerospace business are more difficult to ascertain, being dependent on the pace of recovery in the commercial aerospace market.

* Continuing operations

Matt Durkin-Jones
Chief Financial Officer

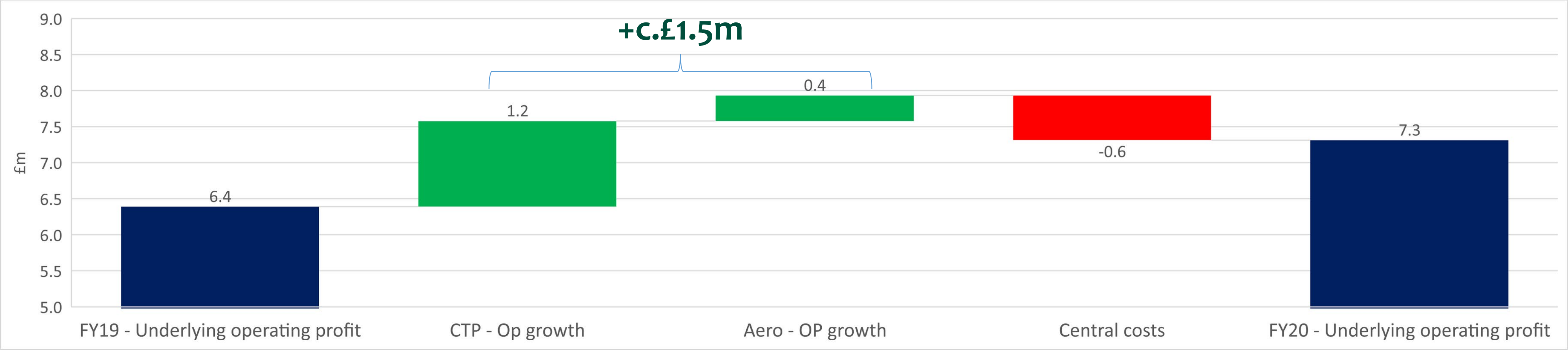
Full year results

	Year ended 31 March 20 £'000	Year ended 31 March 19 £'000
Continuing operations *		
Revenue	110,506	105,338
Underlying operating profit	7,313	6,390
Exceptional items	(5,470)	(4,507)
Operating profit	**1,843**	**1,883**
Net finance costs	(2,388)	(1,891)
Loss before tax	**(545)**	**(8)**
Income tax expense	(1,355)	(2,931)
Loss after tax but before loss on discontinued operations	**(1,900)**	**(2,939)**
Discontinued operations		
Loss on Discontinued Operations, net of tax **	(9,509)	(15,693)
Loss for the period	**(11,409)**	**(18,632)**
Net debt	**27,357**	**38,481**

* Continuing operations includes the full year impact of the LED Optics division
** Loss from discontinued operations includes exceptional cost of £6.2m

- Revenue from continuing operations increased by 4.9% to £110.5m.
- Underlying operating profit from continuing operations increased by 14.4% to £7.3m.
- Exceptional costs in the year totalled £11.7m (FY19: 13.9m) (includes £6.2m within discontinued operations).
- Discontinued operations relates to the LED division exit in Q3.
- Net debt reduced by £11.1m to £27.4m.

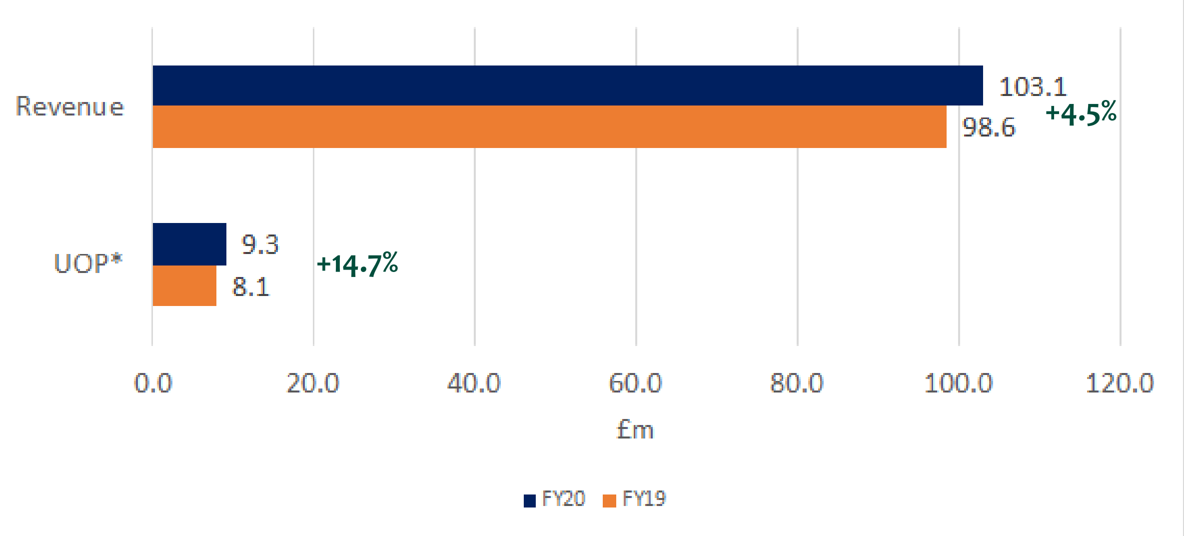
Underlying operating profit bridge



- Underlying profit increased by £0.9m to £7.3m.
  Trading divisions delivered £1.5m of additional operating profit which was offset by £0.6m of additional central costs.
- Both Divisions saw improvement on underlying Operating profits.
- Central costs increased due to PPF Levy and under-absorption of overheads following the disposal of the Wipac business

Divisional analysis

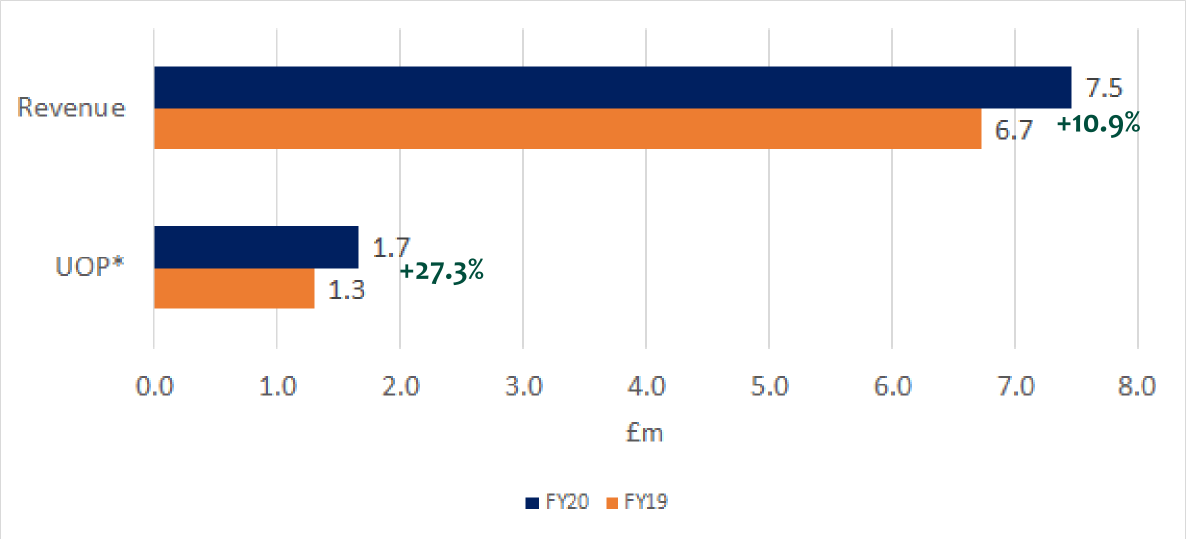
Carclo Technical Plastics



* Underlying operating profit

- Increased revenue as the business continued to secure new programmes in its core medical market.
- Underlying operating profits grew 14.7% through revenue growth; change in mix to higher margin contracts and continuous improvement activities
- Underlying operating margin improved to 9.0% (FY19: 8.2%).

Aerospace



* Underlying operating profit

- Revenues grew due to spares orders, increasing Airbus builds, and some market share gains for machined parts.
- Increase in underlying operating profits resulting from a positive shift in product mix towards spares, combined with tight cost control.
- Underlying operating margin improved to 22.2% (FY19: 19.3%).

LED exit

- In FY20 the LED division generated revenues and underlying operating losses of £35.8m and £2.9m respectively
- Wipac Czech s.r.o was sold on 20 November 2019 to Magna Automotive Europe GmbH for €1.1m (€0.8m in cash and the assumption of €0.3m of outstanding liabilities)
- On 20 December 2019 Wipac Limited went into administration
- Immediately on appointment the Optics business was sold to the Group and the remaining assets were sold to Wuhu Anrui Optoelectrics Co. Ltd
- The Administrator paid £3.5m of the net sales proceeds to the Group's pension scheme and £5m of the net sales proceeds to repay the Group's facility with HSBC

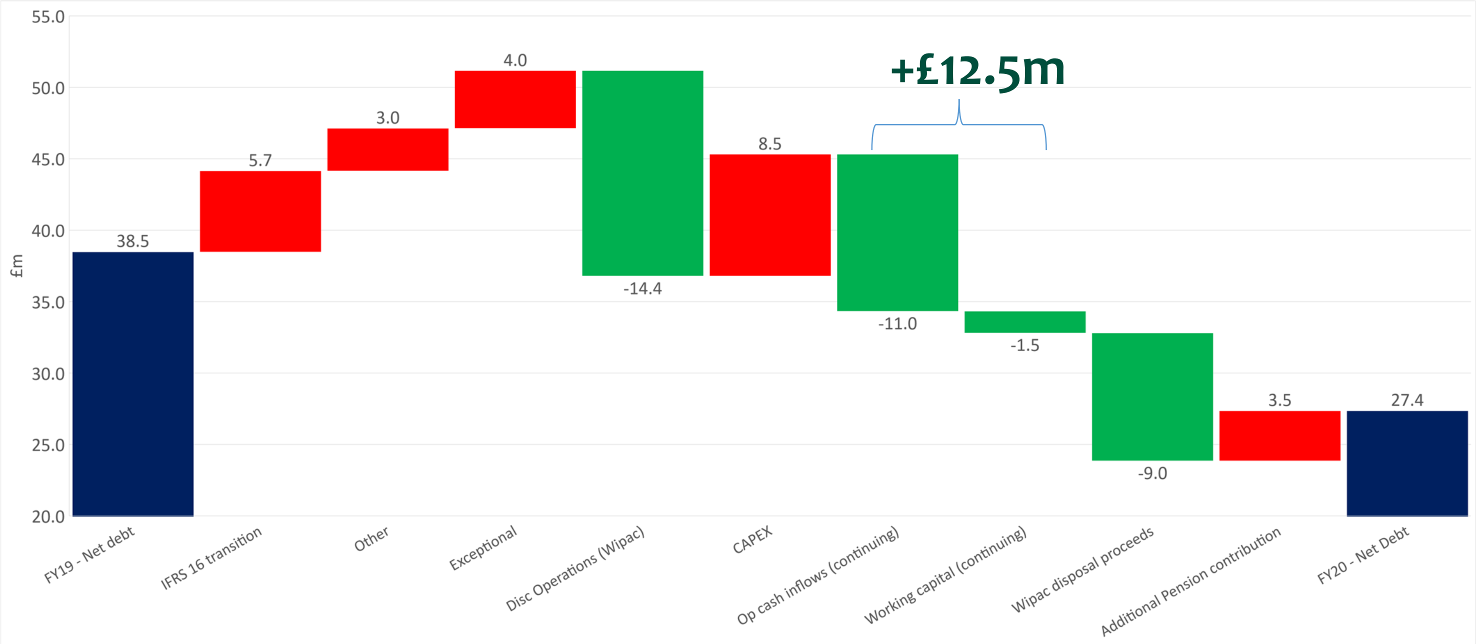
Exceptional costs

£m	Continuing operations	Discontinued Operations	Group
Professional advisors' fees for restructuring*	3.4	1.0	4.4
Consultants fees for restructuring*	0.3	-	0.3
Other rationalisation costs*	0.4	-	0.4
Impairment of Aerospace goodwill	1.4	-	1.4
Impairment of LED business	-	1.5	1.5
Exit of medium volume automotive lighting contracts	-	0.8	0.8
Loss on sale of LED business	-	2.9	2.9
Total exceptional items	5.5	6.2	11.7

* Cash cost

- Exceptional costs in the year were £11.7m (continuing: £5.5m and discontinuing: £6.2m).
- 53% of costs are attributable to exiting the LED division.
- 32% of costs are attributable to professional fees associated with the restructuring.
- The remaining £1.4m of goodwill, within the Aerospace division, was impaired due to the current uncertainty in this sector.
- Exceptional cash cost was £5.1m of which £1.1m related to discontinued operations.

Group net debt



- Net debt has reduced by £11.1m (28.9%) to £27.4m.
- Underlying continuing operations were +£12.5m cash generative before capital expenditures.
- £14.4m cash inflows from discontinued operations arose from a £16.9m unwind of contract assets and £1.1m on realisations from the sale of production equipment, offset by £3.6m of operating losses.
- CAPEX spend on continuing operations totalled £3.2m.

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Antony Collins

Group Chief Executive Officer

Tripartite agreement

- On 14 August 20 the Group signed the tripartite agreement which concluded the restructuring of its main creditors, HSBC and the Pension scheme, to secure their continued support through to July 2023.
- The new HSBC banking facilities comprise of a term loan of £34.5m and a Revolving Credit Facility of £3.5m.
- The actuarial pension deficit at 31 March 18 was £90.4m (£46.1m at 31 March 2015). This increase was driven by prudent actuarial assumptions resulting from a weaker covenant assessment.
- The following future schedule of pension contributions are agreed:
    - FY21 - £2.8m (from 1 April 20)
    - FY22 - £3.9m
    - FY23 - £3.8m
- The outstanding 2018 Triennial Valuation is now concluded. The 2021 Triennial Valuation is due by June 22.

Market conditions in FY 20

Carclo Technical Plastics

- Revenue increased due to increased volume as the division won a number of new programme orders in core medical market.
- Particularly strong growth in USA and India.
- In Q4, the market increased for products associated with COVID-19 testing.
- Due to COVID-19 the market for routine medical testing kits temporarily declined.

Aerospace

- Experienced healthy demand for spares orders.
- Airbus production build-rates increased.
- The demand for machine parts remained flat.

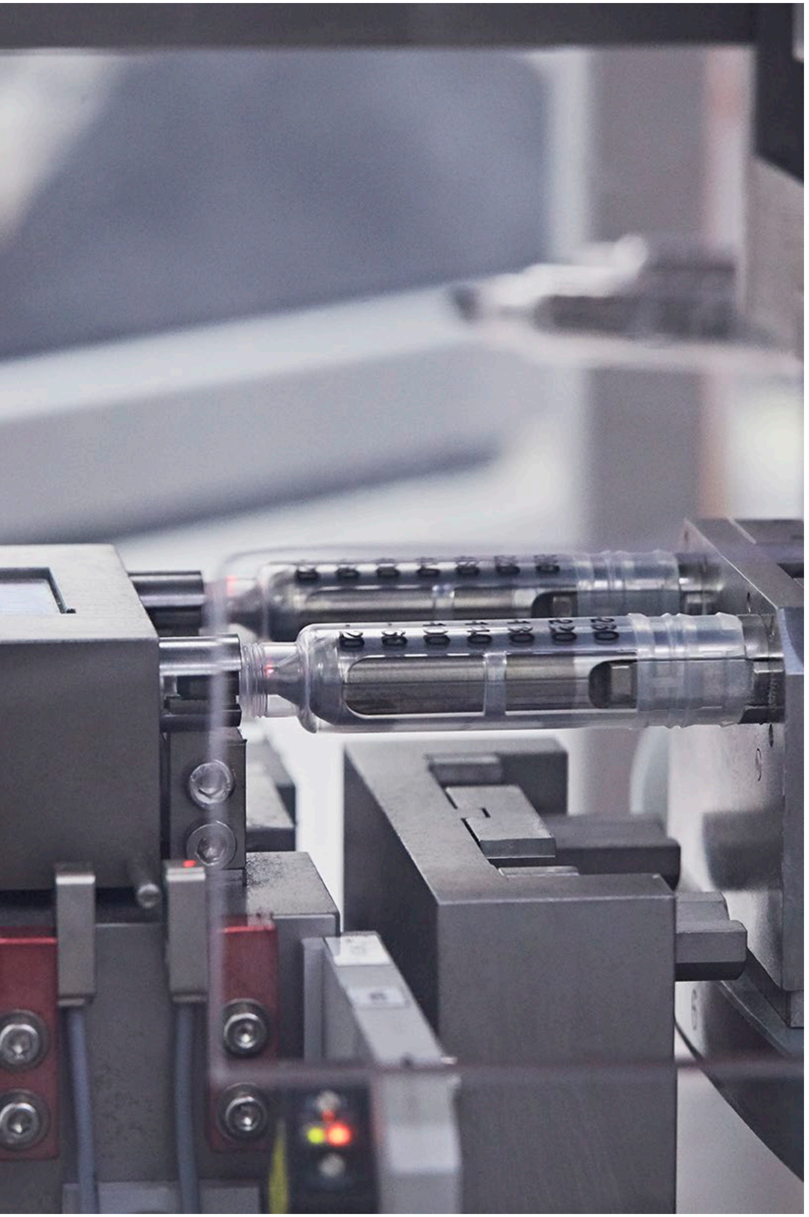
COVID 19

Impact

- Disruption more extensive in Q1(FY21).
- Reduction in Q1(FY21) revenue of 12% compared with Q1(FY20).
- Activity levels in July were broadly in line with those seen in Q1(FY21).
- All operating sites are open. A small number of sites closed temporarily at various times, through the lockdown period, biggest impact has been in India.
- Carclo Technical Plastics has continued to serve its customers, particularly those in the medical diagnostic sector.
- Demand for the Aerospace business has been significantly impacted by the downturn in the aerospace sector.

Actions

- Followed government advice to maintain wellbeing and safety of staff.
- Accessed government support programmes where possible.
- Reduced variable costs, including redundancies at 2 UK sites
- Board taken a 20% cut in fees and salaries for Q1(FY21).



Strategy

- Focus on growing in core markets, in particular building on strengths in the medical diagnostic sectors.
- Focus on operational efficiency and utilisation.
- Actively manage central and divisional overheads.
- Create shareholder value by reducing the scale of the defined benefit pension deficit over time.

Summary and Outlook

- After a very challenging period, the Group now has a more stable platform from which to develop the business.
- Significantly reduced the net debt position and will make enhanced contributions to the defined benefit pension scheme.
- Near-term performance is uncertain as the impact of COVID-19 remains difficult to forecast.
- Medium and longer-term prospects for CTP remain robust, with the business having a strong position in the medical diagnostics market.
- The medium-term prospects of the Aerospace business are more difficult to ascertain, being dependent on the pace of recovery in the commercial aerospace market.
- Reducing the scale of pension deficit, whilst continuing to invest in the operating businesses, is key to long term value creation for shareholders

End

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