carclo

PREPARING FOR GROWTH

Carclo plc Half Year Results to 30 September 2021

Investor Presentation

23/24 November 2021

Nick Sanders
Executive Chairman

Phil White
Chief Financial Officer

Agenda

carclo

- Overview
- Financial Results
- Summary and Outlook

Group H1 Overview

carclo

Revenue

£58.7m

H1 2021:[2]
£50.0m

Underlying operating profit[1]

£3.7m

H1 2021:
£1.5m

Statutory op. profit

£5.8m

H1 2021:
£0.2m

Statutory profit/(loss) after tax

£5.5m

H1 2021:
£(1.3m)

Net debt

£28.4m

Sept 2020:
£29.4m

- Strong trading momentum and execution delivered significant growth in both revenues and underlying operating margins, ahead of expectations
  - Sales growth of 17.5%, led by 19.8% growth in CTP
  - Underlying operating profit more than doubled, to £3.7m, before one-off benefits
- Statutory profit after tax of £5.5m, includes non-trading credits of:
  - £2.1m US Covid-related grant income, £0.7m profit on discontinued operations, and £0.9m deferred tax credit
- Net cash inflow from operating activities from continuing operations £0.3m (H1 2021: £0.5m outflow)
- Net debt (inc. leasing liabilities) reduced £1.0m (Sep' 20 £29.4m) to £28.4m
- Pension deficit (IAS19) reduced to £33.4m (Sep '20: £58.1m, Mar '21: £37.3m)
- Continuing to invest in CAPEX to support growth in line with our strategy

[1] Underlying is defined as excluding all separately disclosed and exceptional items.

[2] H1 2021 = 6 months ended 30 Sept 2020, H1 2022 = 6 months ended 30 Sept 2021

Divisional Overview

carclo

- CTP
  - Continuing to win new business in medical and diagnostics sector
  - Tooling order intake strong
  - Strong performance despite operational and economic headwinds
    - Shortage of labour
    - Increased raw material and energy prices
    - Increasing logistics cost and lead times
  - Mitigating actions in place
    - Increased pay rates in US
    - Increased prices to customer
    - Holding more inventory
- Aerospace
  - Market starting to recover slowly
  - Order intake has exceeded sales in H1
  - Focus on winning new customers

Phil White

Chief Financial Officer

carclo

Financial Results for the Half Year ended 30 September 2021

Profit Performance

carclo

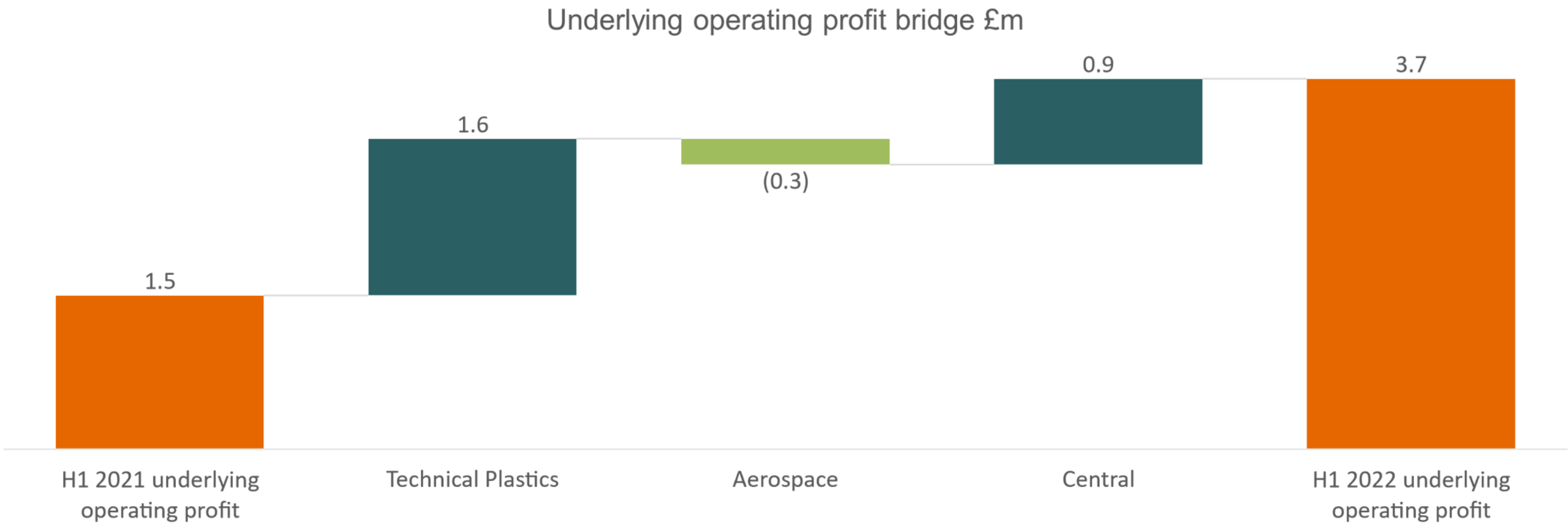
Profit improvement ahead of expectations despite increased post-Covid supply chain headwinds

	H1 2022 £m	H1 2021 £m
Revenue	**58.7**	50.0
Underlying[1] operating profit	**3.7**	1.5
Statutory operating profit	**5.8**	0.2
Statutory profit / (loss) after tax	**5.5**	(1.3)
Underlying[1] earnings per share	**2.5p**	0.0p
Basic earnings / (loss) per share	**7.5p**	(1.8p)

- Revenue up 17.5% by £8.7m despite COVID-19
- Underlying operating profit up 141%
- Underlying eps of 2.5p (H1 2021: 0.0p)
- Statutory profit after tax £5.5m (H1 2021: £1.3m loss)
- Basic eps of 7.5p (H1 2021: loss of 1.8p)

[1] Underlying is defined as excluding all separately disclosed and exceptional items.

Underlying operating profit bridge £m



- Underlying profit up by £2.2m to £3.7m (CTP up £1.6m, central costs reduced by £0.9m, Aerospace down £0.3m)

Cash and Balance Sheet Highlights

30 Sep 2021 v 30 Sep 2020

carclo

Strong balance sheet rebuild from greatly reduced pension deficit and retained profit

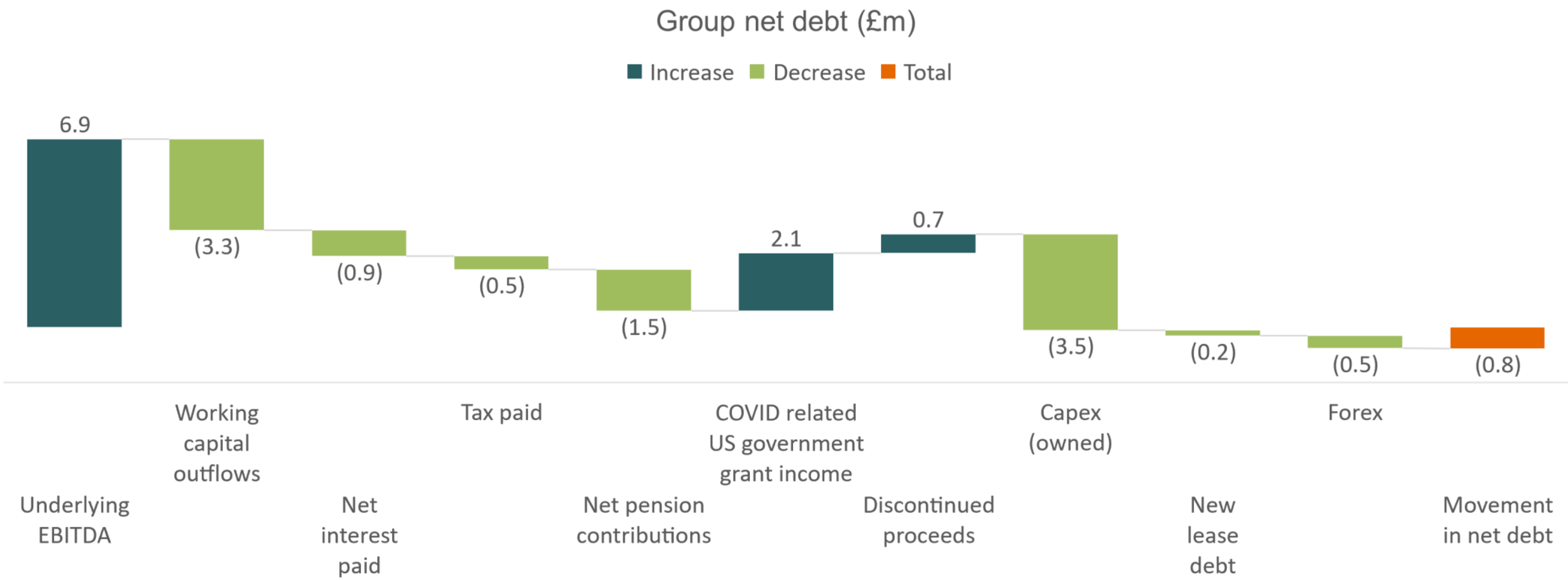
	H1 2022 £m	H1 2021 £m
Net cash from operating activities	**0.6**	(0.5)
Net debt excluding lease liabilities	**21.6**	24.4
Net debt	**28.4**	29.4
Investment in capex	**3.5**	0.8
Retirement benefit obligations (IAS19)	**33.4**	58.1
Net assets / (liabilities)	**17.1**	(13.3)

- £0.6m net cash flow from op. activities (H1 2021: £0.5m outflow)
- Net debt excluding lease liabilities down £2.8m to £21.6m, net debt down £1.0m to £28.4m
- Net debt up £0.8m to £28.4m since 31 Mar ‘21
  - Includes £3.5m inventory increase to protect supply chain risk
- Net assets £17.1m, up £30.4m since 30 Sep ‘20
  - £16.9m actuarial gains; (£0.7m) FX and other
  - £14.2m statutory profit
- Net assets up £9.2m since 31 Mar ‘21
  - £2.7m actuarial gains; £1.0m FX and other
  - £5.5m statutory profit
- Retirement benefit obligations reduced by £24.7m
  - Mainly higher discount and mortality rates

Group Net Debt H1 movement

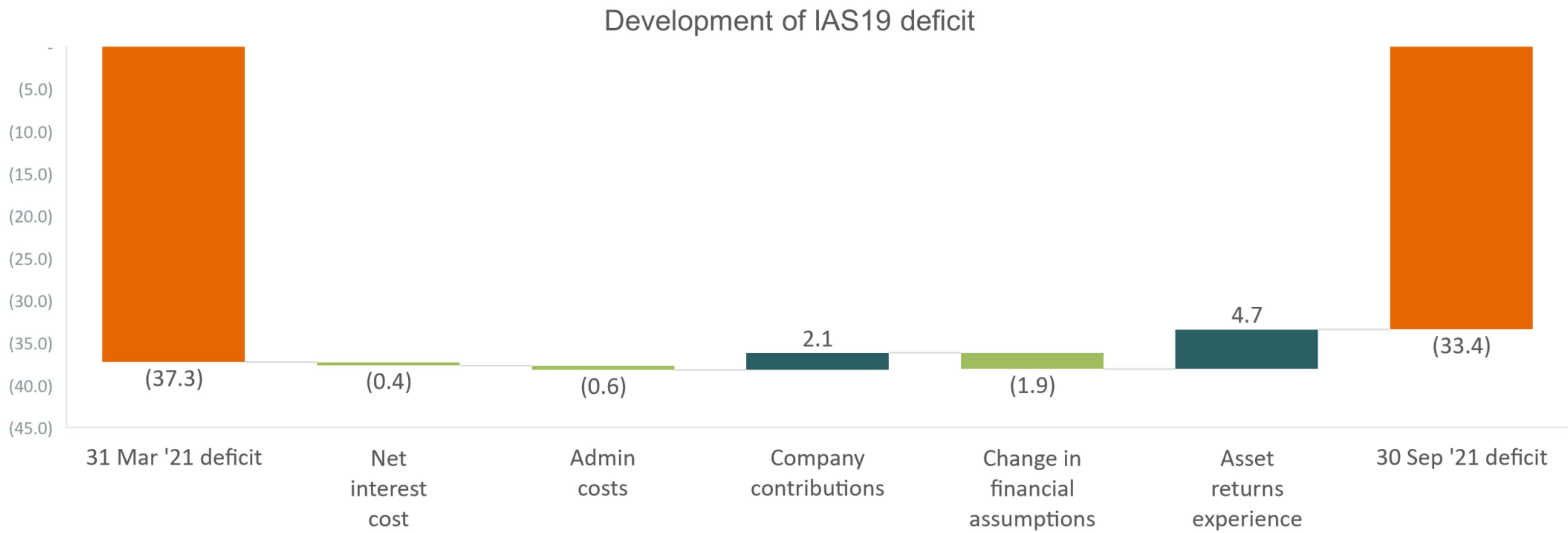
(£0.8m increase from £27.6m to £28.4m)

carclo



- Net debt increased in H1 by £0.8m to £28.4m. £9.7m of net debt reductions arose from:
  - £6.9m underlying ebitda, £2.1m US Covid loan forgiven, and £0.7m discontinued business
  - £10.4m of debt increases arose from:
    - £3.3m working capital increase, (£3.5m inventory trading volume increase and supply chain protection)
    - £1.4m finance costs of interest and tax
    - £1.5m net pension contributions
    - £3.5m capex adding capacity for growth
    - £0.2m net additions to lease debt and £0.5m exchange differences on translation

Pensions (IAS19) H1 movement

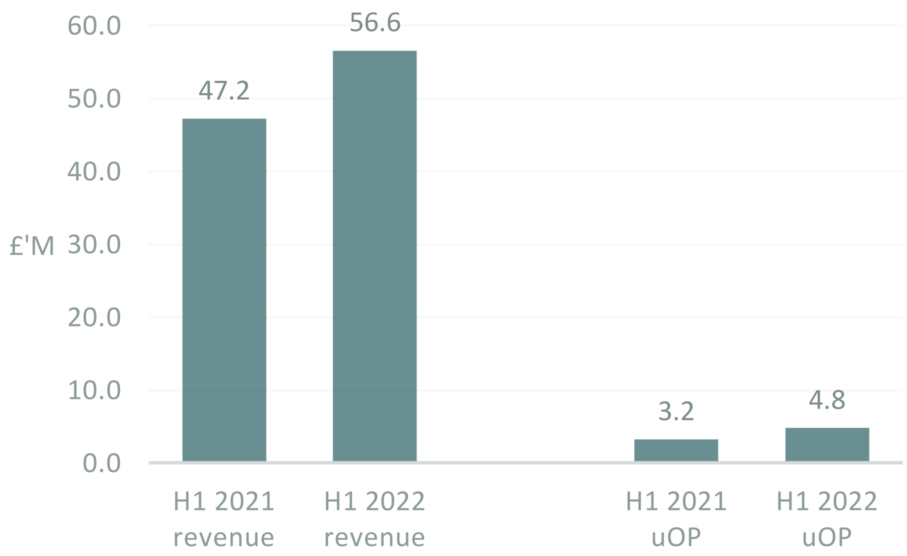


- H1 2022 reduction of £3.9m from enhanced contributions and higher asset returns
- No change since 31 Mar ‘21 on key discount rate and mortality assumptions, await 2021 triennial valuation outcome
- New initiatives introduced to provide enhanced member benefits and reduce liabilities
- New investment management and strategy introduced by pension trustees

CTP - Divisional Operating Performance

carclo

Carclo Technical Plastics – 6 Months to Sept 2021 Revenue and Underlying Op. Profit £m



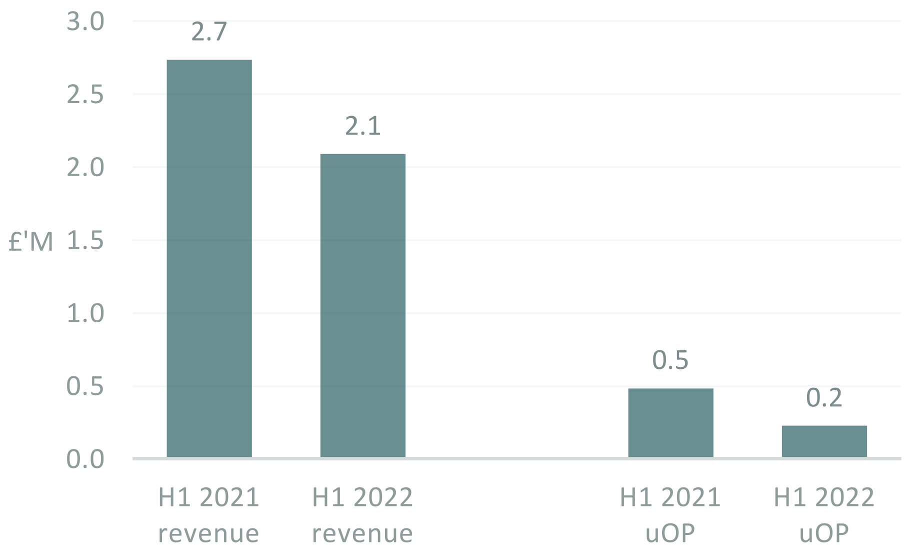
CTP – Performance Summary

- Strong 19.8% revenue growth on new business
  - Product sales up 15.6% to £47.5m
  - Tooling sales up 48.2% to £9.1m
  - Tooling sales often lead to new product sales
- Underlying operating margin up from 6.8% to 8.5% of sales
  - Improved margin mix and partial price increase pass-through helped to mitigated increased supply chain costs
- Continuing to win new business in medical and diagnostics sector
- Tooling order intake strong
- Investment in CAPEX for future growth
- Outlook: continuing H2 product sales growth, slightly lower H2 margins, reflecting the current higher cost environment

Aerospace - Divisional Operating Performance

carclo

Aerospace – 6 Months to September 2021 Revenue and Underlying Op. Profit £m



Aerospace – Performance Summary

- Aerospace was hardest hit by Covid as a sector
  - £0.6m lower sales and £0.3m lower profit, but set against a challenging comparator which benefited from a significant pre-Covid order backlog
- C 3Yrs to recover market rates*, but positively:
  - H1 orders now exceeding sales levels
  - Still generating operating cash at its low point
  - Group impact is small in scale (<5% of Group sales)
- Growth initiatives under way
  - Good established niche & related markets to explore
- Outlook stable for the year, gradual medium-term improvement potential, but sector recovering more slowly

(*Source: leading OEMs forecast return to pre-Covid narrow body build rates within 3 years, providing the supply base can accommodate)

Summary and Outlook

carclo

- Good performance in H1 despite post-Covid operational and economic headwinds
- Headwinds expected to last throughout second half, but mitigating actions in place
- Full year underlying operating profit anticipated to be slightly ahead of expectations, before one-off benefits
- Continuing to invest in CAPEX for future growth
- The Board continues to be encouraged by the progress being made in both operating divisions

Disclaimer

This presentation may include certain forward-looking statements, beliefs or opinions, including statements with respect to Cardo plc’s business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “targets”, “aims”, “continues”, “expects”, “intends”, “hopes”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other various or comparable terminology. It is believed that the expectations and statements reflected in this document are reasonable but by their nature, they involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, developments in the global economy, changes in the UK and European governments’ policies, spending and procurement methodologies, and failure in Carclo’s health, safety or environmental policies and changes in the market position, businesses, financial condition, results of operations or prospects of Carclo plc.

No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements speak only as at the date of this presentation and Carclo plc and its advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statement in this presentation, whether as a result of new information, future events or otherwise. No statement in the presentation is intended to be, or intended to be construed as a profit forecast or profit estimate and no statement in the presentation should be interpreted to mean that earnings per Carclo plc share for the current or future financial years will necessarily match or exceed the historical earnings per Carclo plc share. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. The making of this presentation does not constitute a recommendation regarding any securities.

No representation or warranty, express or implied, is or will be given by, and no duty of care is or will be accepted by Carclo plc, its directors or employees as to the fairness, accuracy, completeness or otherwise of this presentation or the information or opinions contained herein.

Neither this presentation or any copy of it nor the information contained herein is being issued or may be distributed or redistributed directly or indirectly to or into any jurisdiction where such distribution would be unlawful.

This presentation and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

By accepting this presentation, the recipient agrees to be bound by the above provisions.