Results for half year ended 30 September 2016

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Presentation to Analysts

15 November 2016

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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Results and Summary

- Group revenue increased by 10.7% to £63.3 million (2015 - £57.2 million), reflecting excellent sales progression across our businesses
- Underlying operating profit increased by 19.0% to £5.6 million with underlying operating margin increasing 60 bps to 8.8%
- Underlying profit before tax increased by 18.9% to £4.8 million (2015 - £4.1 million)
- Basic underlying EPS increased by 24.4% to 5.6p (2015 – 4.5p)
- Completed acquisition of Precision Tooling and Die for $5.5m and associated equity fund raise of £7.7m after costs
- Group remains well placed to continue with its growth strategy

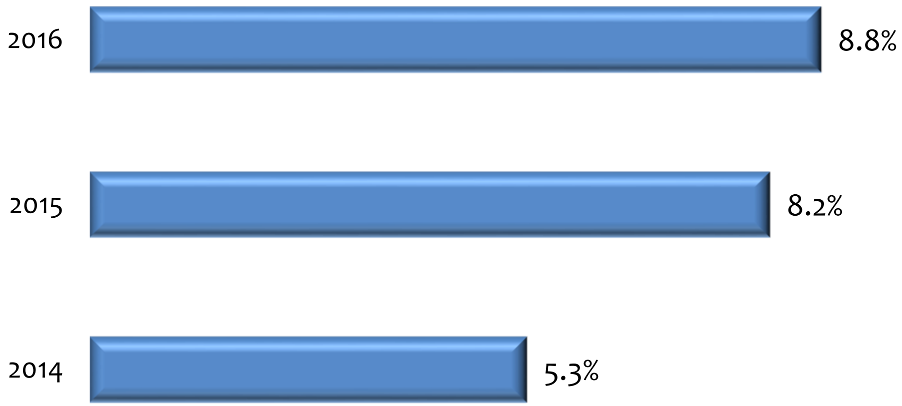
Strategic KPIs

Revenue growth – first half

The revenue growth seen year on year is a strong indicator of success in delivering the Group's strategy – up 10.7% on 2015.

N.B. Technical Plastics division derives the majority of its revenues from outside the UK and, therefore, movements in foreign exchange rates do affect its financial results with sales in the first half around £2 million higher than at the previous year's rates.

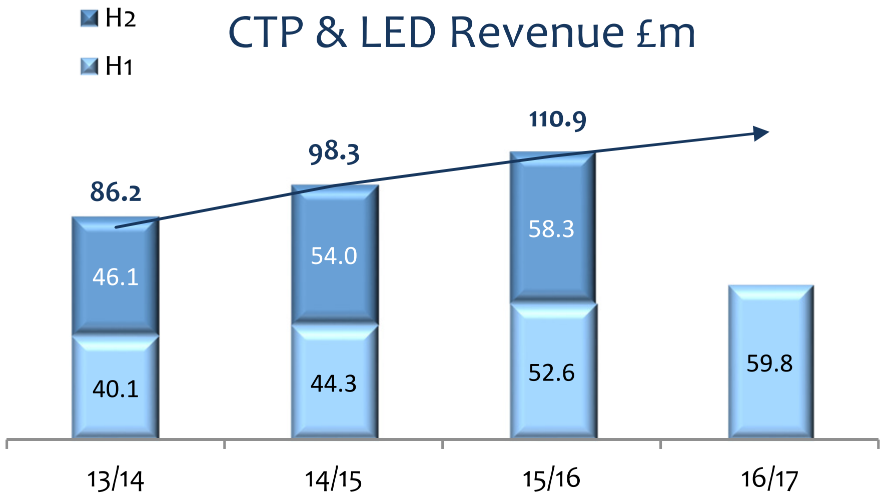
Underlying operating margin– first half

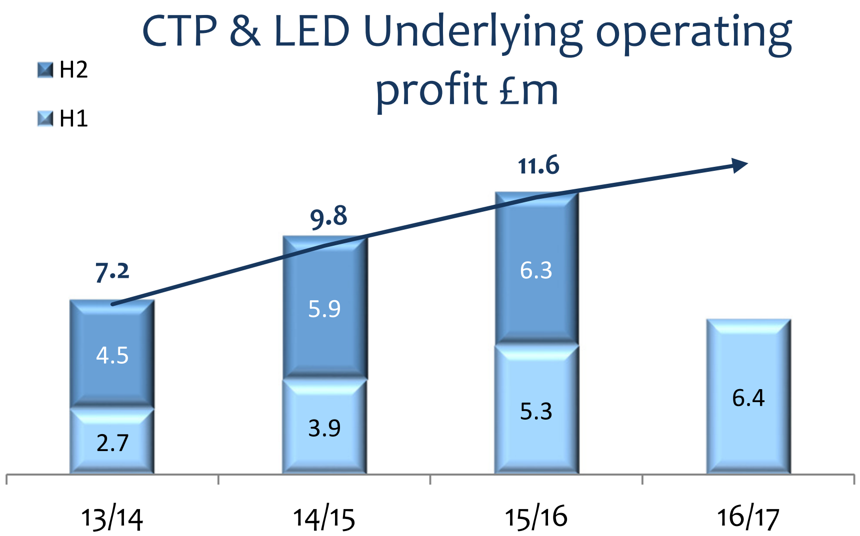


Margin strengthened from 8.2% in 2015 to 8.8% in the current year.

N.B. Whilst foreign exchange contracts that we put in place prior to the EU Referendum have limited the net benefit on profit from foreign exchange rates in the first half of the financial year, we expect some further net benefit from the retranslation of overseas profits during the second half of the financial year should sterling rates remain broadly at current levels.

CTP and LED divisions drive strong Group performance





Revenue

- Technical Plastics revenues (24.7% increase on prior year) benefited from prior investments in capacity expansion
- LED revenues down by 2.9% due to phasing of design, development and tooling revenues

Operating margin

- CTP operating margin increased to 8.8% (from 8.0% prior year) mainly due to increased utilisation of US and UK facilities and improved efficiencies as new programmes matured
- LED increased its operating margin from 13.1% to 14.2% as several new manufacturing programs were launched

Financial Highlights

	HY ended 30 September 2016 £000	HY ended 30 September 2015 £000
Revenue		
Technical Plastics	39,240	31,468
LED Technologies	20,559	21,172
Aerospace	3,485	3,063
CIT Technology	-	1,483
Total	63,284	57,186
Underlying* operating profit	5,575	4,683
Exceptional items	(18)	17
Operating profit / (loss)	5,557	4,700
Underlying* profit before tax	4,848	4,076
Profit / (loss) before tax	4,830	4,093
Basic earnings per share	5.6p	4.5p
Underlying earnings per share	5.6p	4.5p
Dividend per share	-	0.90p
Net debt	27,551	27,276

*underlying is defined as before all exceptional items

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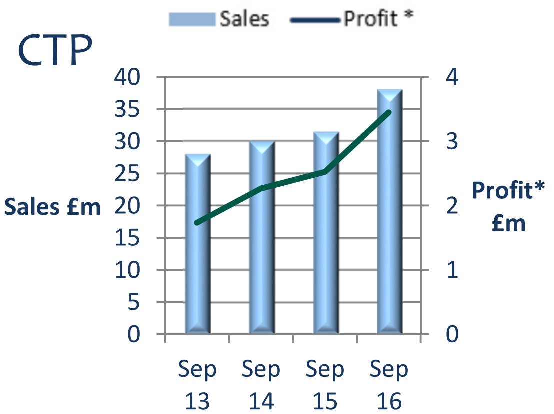
Divisional Analysis

CTP



Revenue change

+24.7%

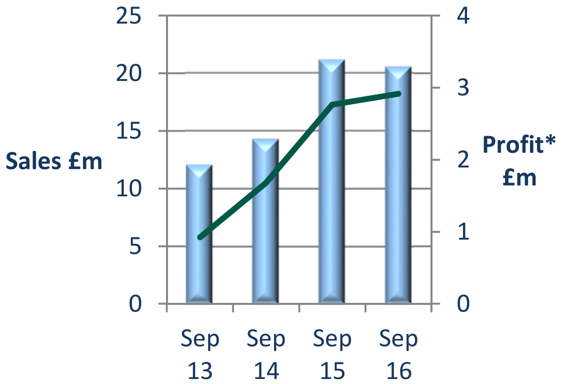
Operating profit*

+36.7%

*Underlying operating profit

- Strong growth in UK sales including new Becton Dickinson program
- US efficiencies improved as multiple new programmes matured in recently expanded Latrobe site. Expansion of Tuscon site also contributed to improved sales and efficiency
- China sales increased as new medical programmes moved into production

LED



Revenue change

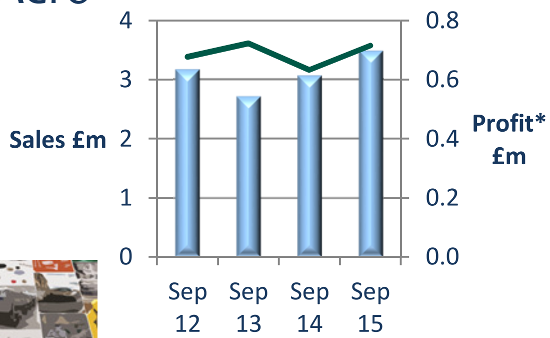
-2.9%

Operating profit

+5.4%

- Sales relatively flat with design, development and tooling programme invoicing more weighted to H2
- Multiple new vehicle programmes awarded in H1 will support continued growth
- Profitability improved over prior year due to weighting to higher margin contracts and efficient ramp up of production programmes

Aero



Revenue change

+13.8%

Operating profit

+13.1%

- A stronger H1 than prior year with market activity at normal levels in European markets

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Income Statement Comparative

	30-Sep-16	30-Sep-15
Operating profit		
Divisional operating profit	**7.1**	5.9
Central costs	**(1.5)**	(1.2)
Underlying operating profit from continuing ops	**5.6**	4.7
Exceptional Items	-	-
Operating profit / (loss)	**5.6**	4.7
Net financing charge	**(0.7)**	(0.6)
Profit/ (loss) before tax	**4.8**	4.1
Income tax (expense) /credit	**(1.1)**	(1.2)
Profit/ (loss) for the period	**3.7**	2.9
Basic earnings per share	***5.6p***	*4.5p*
Underlying earnings per share	***5.6p***	*4.5p*
Dividend per share	-	*0.90p*

- Group revenue increased by 10.7% to £63.3 million
- Underlying divisional operating profit increased 19.6% to £7.1 million
- Increased interest charge includes £0.4 million IAS 19 pension financing charge
- Underlying tax charge of 24%
- Underlying earnings per share increased 24% to 5.6p

Financial Position – Cash Flow

	£million	£million
Net debt at start of period		**(24.8)**
Underlying cash from operations	8.1	
Working capital	(4.5)	
Interest and tax	(1.3)	
Net capital expenditure	(3.2)	
Free cash flow	**(0.9)**	
Additional pension contributions	-	
Proceeds from share transactions	-	
Closure costs	(0.4)	
Equity dividends	(0.6)	
Cash flow from corporate activities	**(1.0)**	
Development expenditure	-	
Exchange movement	(0.9)	
Movement in net debt		**(2.8)**
Net debt at end of period		**(27.6)**

- Strong underlying cash generation from operations of £8.1 million
- Net capital expenditure of £3.2 million, the majority of this relates to investment in capacity in our US and UK Technical Plastics businesses and our Wipac business, all of which was backed by customer programmes
- Working capital increased due mainly to a significant increase in trade debtors from invoicing of a large tooling contract in our UK Technical Plastics business just prior to the half year end
- The retranslation of the Group's Euro and US dollar denominated medium term loans resulted in an increase in the sterling value of the Group's net debt since the previous financial year end offset by the positive effect of retranslating cash balances

Financial Position – Debt & Facilities

Net Debt

- Net debt of £27.6 million at 30 September 2016
- 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 recent share placing have been utilised to repay part of the Group’s medium term loan facility and this will result in a reduction in the Group’s net debt at the financial year end
- The Group’s balance sheet remains strong with net debt expected to reduce further in the next financial year aiming to improve over our medium-term target of a 1.5X net debt to EBITDA ratio

Bank Facilities

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

Financial Position – Pensions

- Since the EU Referendum result on 23 June 2016, corporate bond yields have decreased materially in the UK and as this yield is used to discount the Group's IAS 19 pension liability the deficit has increased to £42.6 million net of deferred tax at 30 September 2016 (prior year deficit of £18.9 million at 31 March 2016)
- Scheme assets have increased by £5.5 million since 31 March 2016 and scheme liabilities have increased by £33.6 million
- IAS19 financing expense of £0.4 million and scheme administration costs of £0.3 million reflected in the income statement

Markets & Strategy Actions

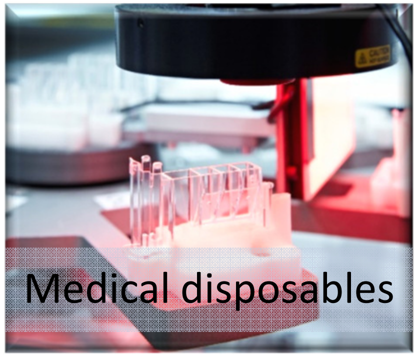
Technical Plastics

LED Technologies

Aerospace

Technical Plastics

	Sep-16	Sep-15
	£m	£m
Revenue	39.2	31.5
Profit*	3.5	2.5
Margin	8.8%	8.0%

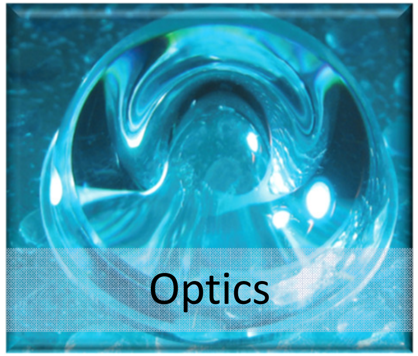


- Technical Plastics reported a significant turnover increase of 24.7% on the comparative period last year. Divisional operating profits were up by 36.7% to £3.5 million with the divisional operating margin increasing from 8.0% to 8.8% . We expect this margin to increase further in the second half of the year towards our medium-term 10% target as our utilisation increases further
- UK business has outperformed expectations in the first half of the financial year with good product demand from many of its customers alongside new business awards including from Becton Dickinson
- US business has continued to trade well benefitting from good customer demand and the expansion of our Tucson, Arizona facility has now been completed and the integration of Precision Tool & Die is underway
- Expansion of Bangalore, India facility has commenced. This investment should double the capacity of this business by the summer of 2017 and the investment is supported by customer programmes and growth
- Our new facility in Taicang, China is operating well, and supporting the growth of its main medical customer whilst now beginning to secure new opportunities from both from existing and new customers

*Underlying operating profit

LED

	Sep-16	Sep-15
	£m	£m
Revenue	20.6	21.2
Profit	2.9	2.8
Margin	14.2%	13.1%



- Performance in the first half was ahead of the comparative period last year despite turnover being slightly lower mainly due to the phasing of design, development and tooling contracts
- Divisional operating profit increased by 5.4% to £2.9 million. Performance driven by high level of design and development work being performed in the supercar lighting division as a number of projects entered the manufacturing stage
- Lighting product sales have been in line with targets due to good demand across a range of customers
- Market for low and medium volume lighting projects has remained strong with multiple further design wins in H1
- Wipac is well placed to deliver significant growth into the future
- LED Optics business enjoyed a strong first half

Aerospace

	Sep-16	Sep-15
	£m	£m
Revenue	3.5	3.1
Profit	0.7	0.6
Margin	20.5%	20.6%

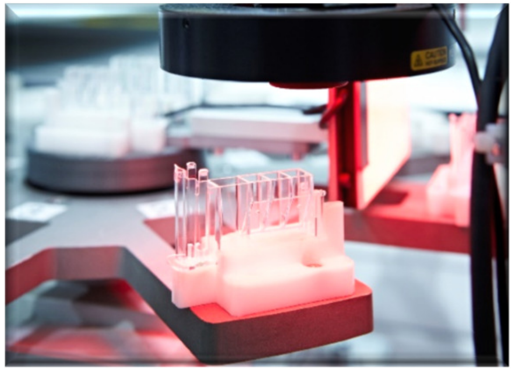
- Good first half performance, operating profit and revenue up on prior comparative period
- Strong order book as we enter the second half
- Continues to be a high margin, highly cash generative business

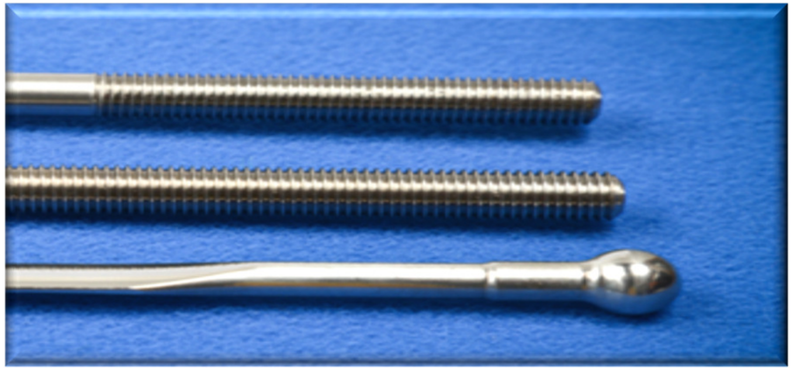
Group Strategy

- Continue to focus on organic expansion of our facilities to grow our revenues and to look for small bolt on acquisitions that can accelerate our growth and provide additional technical capabilities

- Addition of Precision Tool and Die enhances our 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 to see a significant step up in the scale of our operations





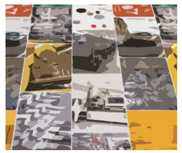
Outlook

- The Group has enjoyed a strong first half trading performance with all divisions performing well and showing solid progress over the comparative period last year

- In particular, our strategy to invest in increased capacity in our Technical Plastics division is continuing to facilitate strong growth in revenues which is resulting in good margin appreciation. The exciting acquisition of Precision Tool & Die 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

- In LED Technologies, our Wipac luxury and supercar lighting business has continued to perform well, benefiting from good product demand and its continuing ability to win new customer programmes and it is expected to deliver significant growth into the future

- The board confirms that the Group is trading in line with its expectations for the full year and expects the Group to have a stronger second half of the financial year, benefiting additionally from the anticipated contribution from the Precision Tool & Die acquisition



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.