



Half Year Results H1 2024

Investor Presentation

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Summary and Outlook

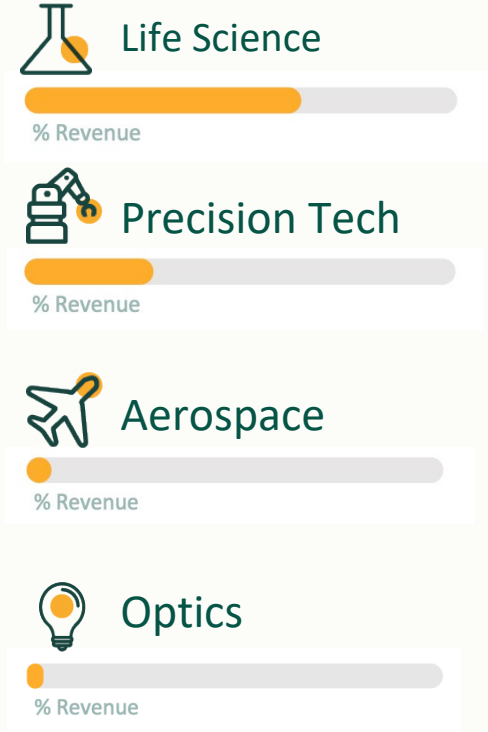
Frank



Carclo



 Carclo facilities
 Markets we serve



1,050
Team members

13
facilities

UK
Head Office

3
Regions

£125m+
Annual Revenue

4
Key Markets



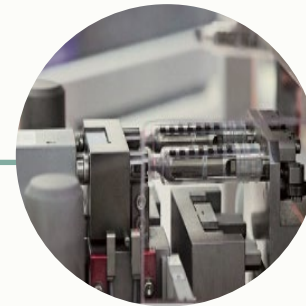
"Our strategy is to leverage our recognised expertise in the production and delivery of precision components into the life science and speciality markets worldwide, through innovation in products and performance."



Design & Engineering



Component Manufacturing



Assembly & Decoration



Supply chain services

Delivering Exceptional Value with Every Integrated Step



Business Highlights



Rising to the challenge of

- ✦ Harsh market conditions post-COVID boom
- ✦ Uncertainty driven by macro issues
- ✦ Financial markets are strained

Carclo achievements

- ✦ Increased segment operating margins to offset demand decrease
- ✦ Delivered strong cash generation
- ✦ Reduced debt
- ✦ Continued to invest in the business for the future

H1 2024 Results

Revenue (£m)

£66.9

H1 2023

£72.2

Variance

-7.2%

Revenue change at
constant FX

-4.8%

Net Cash Flow (£m)

£7.3

H1 2023

£(1.2)

Net Debt (£m)

£29.5

H1 2023

£36.8

Variance

-20%

Working capital as %
of Sales

6.9%

H1 2023

15.0%

Variance

-54%

Cash Conversion

418%

H1 2023

-3%

Return on Sales

3.3%

H1 2023

5.0%

Target

10%

Return on Assets
Employed

8.4%

H1 2023

10.1%

Target

15%

Adapting to Market Challenges

External Environment

- ✦ Customer demand down post the COVID-19 PCR testing surge
- ✦ Operating in high inflation environment
- ✦ Interest rates at the highest point in 2 decades
- ✦ High energy prices continue
- ✦ Supply chain challenges in Engineering Polymers

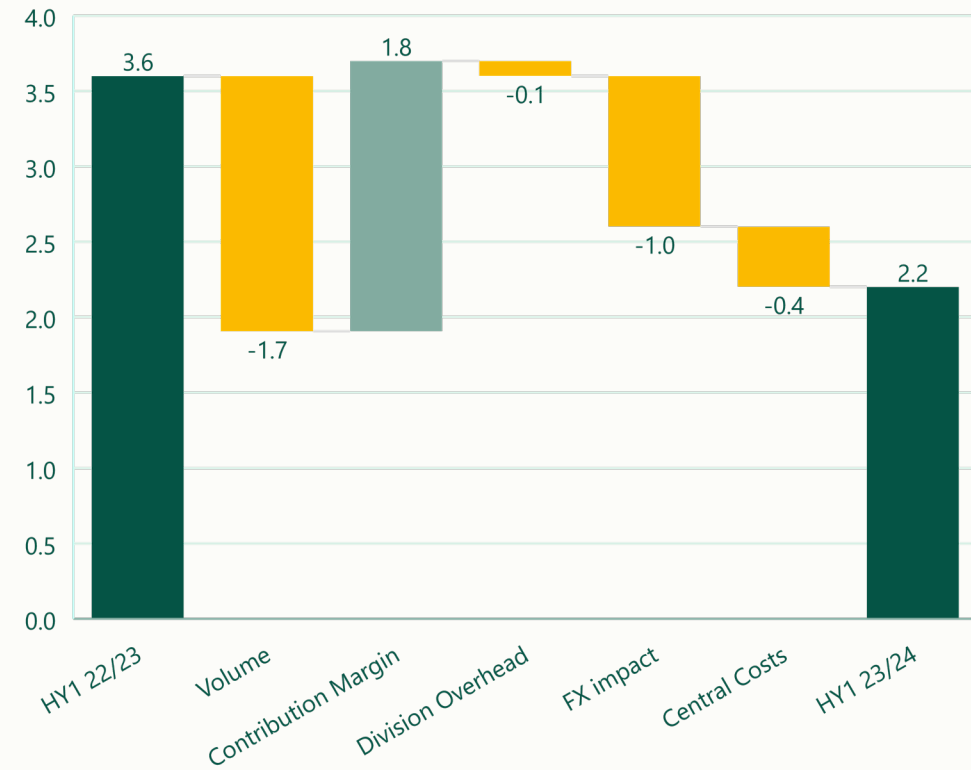
Carclo Resilience

- ✦ Responded with timely price increases
- ✦ Sought to temper price inflation through purchase negotiations
- ✦ Cost controls implemented to control factory overhead
- ✦ Increased efficiency in machine utilisation to reduce cost of production
- ✦ Streamlined factory layout to reduce material handling cost and create safer work environment
- ✦ Targeted waste reduction in production and consumable items
- ✦ Focus on cash generation to reduce gross debt to mitigate the impact of interest rates
- ✦ Won new business with existing customers to expand activity in EMEA

Margins Rise Amid Demand Decline

- ✦ Lower volumes driven by reduced demand from our customers, linked to a decline in COVID-19 diagnostic testing needs
- ✦ Focus on operational excellence and efficiency led to improved manufacturing contribution margins, particularly in the EMEA region
- ✦ In H1 2024, the lack of similar FX gains led to an overall reduction in underlying operating profit
- ✦ Central cost increase related to strengthening management

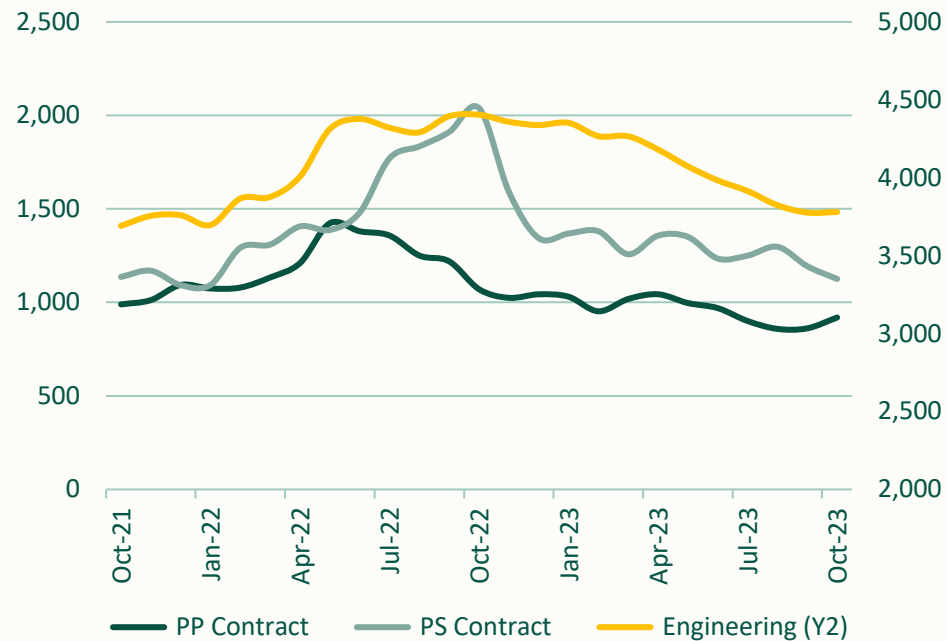
uOperating profit bridge
H1 2024 vs H1 2023



Movements Input Costs

Polymer price movements

Monthly Average Prices £/tonne



Source : Plastribution Ltd

UK Electricity pricing

Forward Delivery Contract Prices £/MWH



Source : www.gov.uk

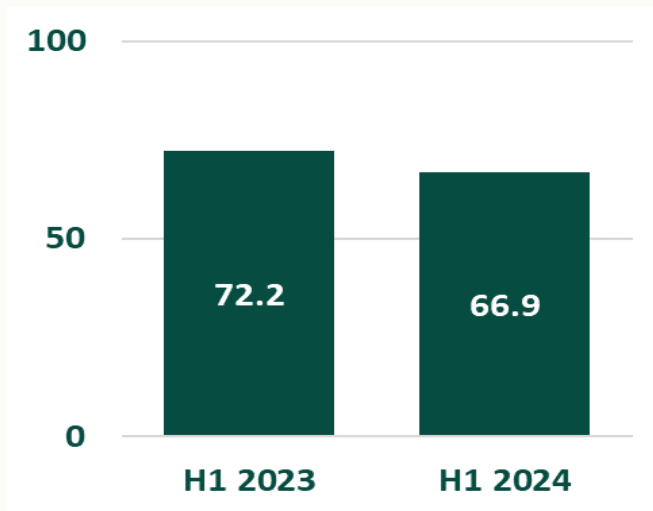


Financial Review

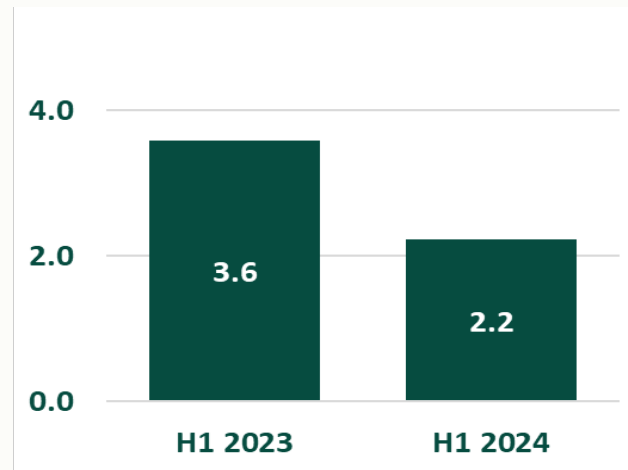


Half Year Financial KPIs (1/2)

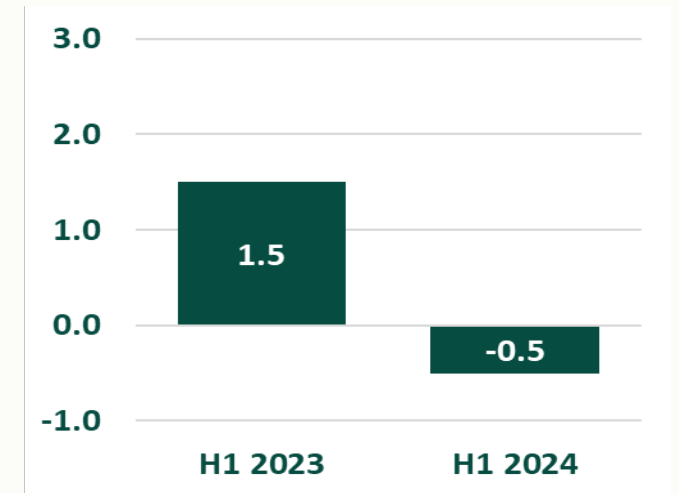
Revenue (£m)



Underlying operating profit (£m)

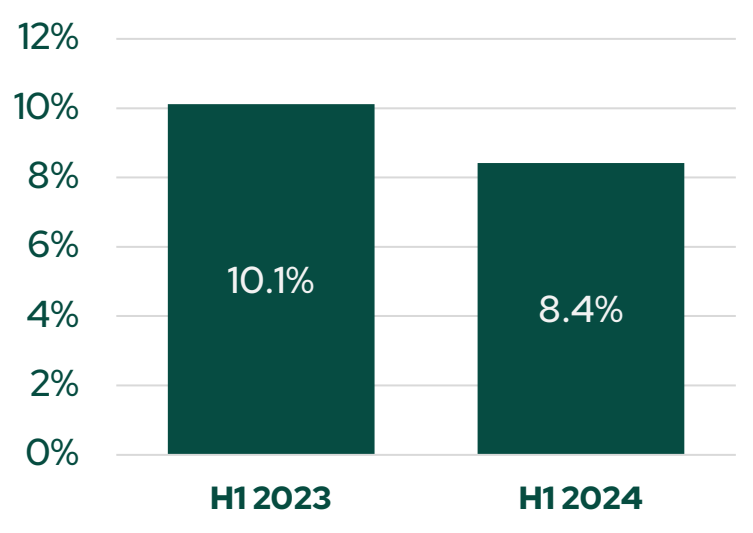


Underlying Earnings per Share (pence)

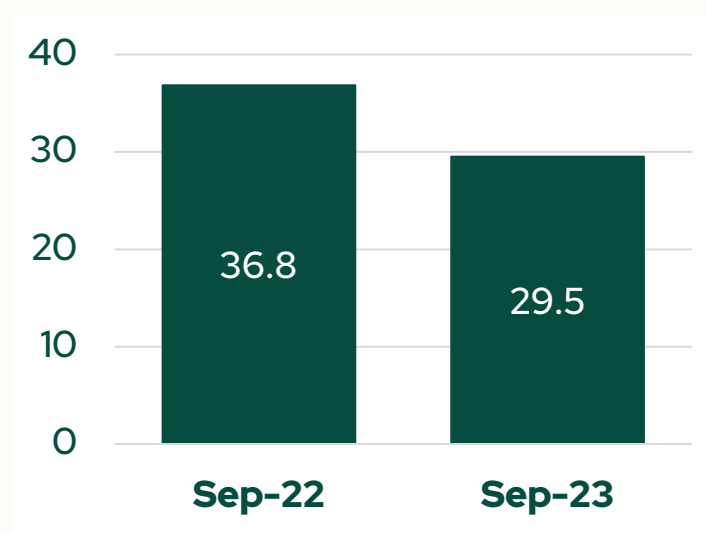


Half Year Financial KPIs (2/2)

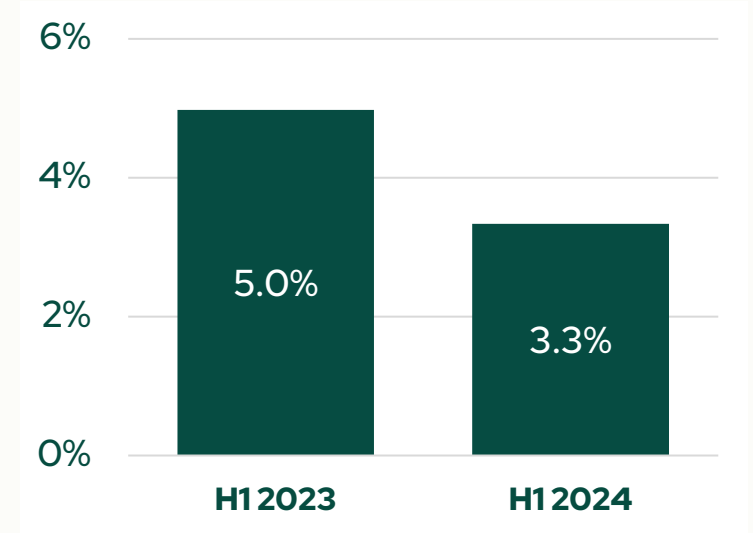
Return on assets employed (%)



Net debt (£m)



Return on Sales (%)

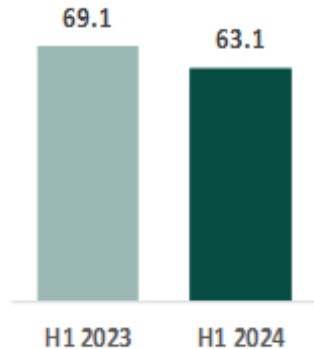


Segmental performance

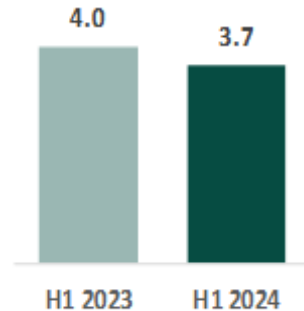
£m

CTP

Revenues -8.8% ↓



uEBIT -8.0% ↓



Design & Engineering projects delivering manufacturing sales

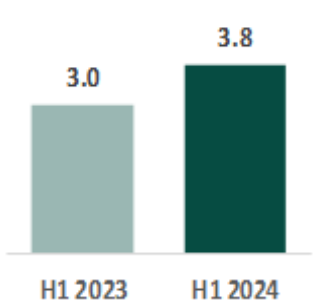
Drop in demand from life science analytics customers

CTP return on sales maintained at 5.8%

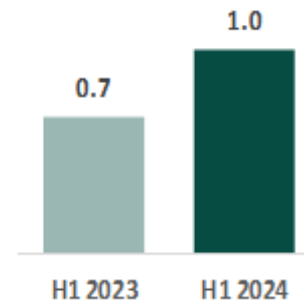
Revitalised production systems driving enhanced operational performance in upcoming periods

Aerospace

Revenues 27.5% ↑



uEBIT 48.9 ↑



Strong sales growth

Air travel demand continues to increase from COVID-19 low-point

Customised pricing allows direct offset of inflation

Strongly positioned in niche precision business with high barriers to market entry

Summary Income Statement

£000

Continuing operations:

	H1 2024	H1 2023
Revenue	66,921	72,151
Underlying operating profit	2,232	3,593
Operating profit before exceptional items	2,232	3,593
Exceptional items	(2,095)	(332)
Operating profit	137	3,261
Finance revenue	283	60
Finance expense	(2,918)	(1,670)
(Loss) / Profit before tax	(2,498)	1,651
Income tax credit / (expense)	330	(983)
(Loss) / Profit for the period	(2,168)	668



£m	H1 2024	FY2023	H1 2022	Comments
Deficit b/f	(34.5)	(26.0)	(26.0)	
Net interest cost	(0.8)	(0.7)	(0.3)	
Administration cost	(0.4)	(1.4)	(0.8)	
Company Contributions	1.8	4.1	2.4	
Change in Liabilities	7.8	40.7	49.6	Discount rate increased from 4.9% in FY 2023 to 5.55% in H1 2024
Asset return experience	(9.6)	(51.2)	(49.8)	Gilt yield up by ca 0.8% leading to further fall in LDI
Past service cost	(1.0)	-	-	
Deficit c/f	(36.7)	(34.5)	(24.9)	

- Triennial valuation agreed – 31 Mar 2021 actuarial deficit – £82.8m

Financial Position

£m	Sep 23	Mar 23	Sep 22
Tangible Fixed Assets	43.8	45.3	49.5
Inventories	12.5	15.2	18.1
Other working capital	(3.2)	0.6	3.5
Working capital	9.3	15.8	21.6
Net assets employed	53.1	61.1	71.1
Cash	7.2	10.4	10.7
Gross Debt	(36.7)	(44.7)	(47.6)
Net tax liabilities	(3.1)	(4.1)	(4.2)
Retirement benefit obligations	(36.7)	(34.5)	(24.9)
Intangibles	23.1	23.5	24.6
Net assets	6.9	11.6	29.7

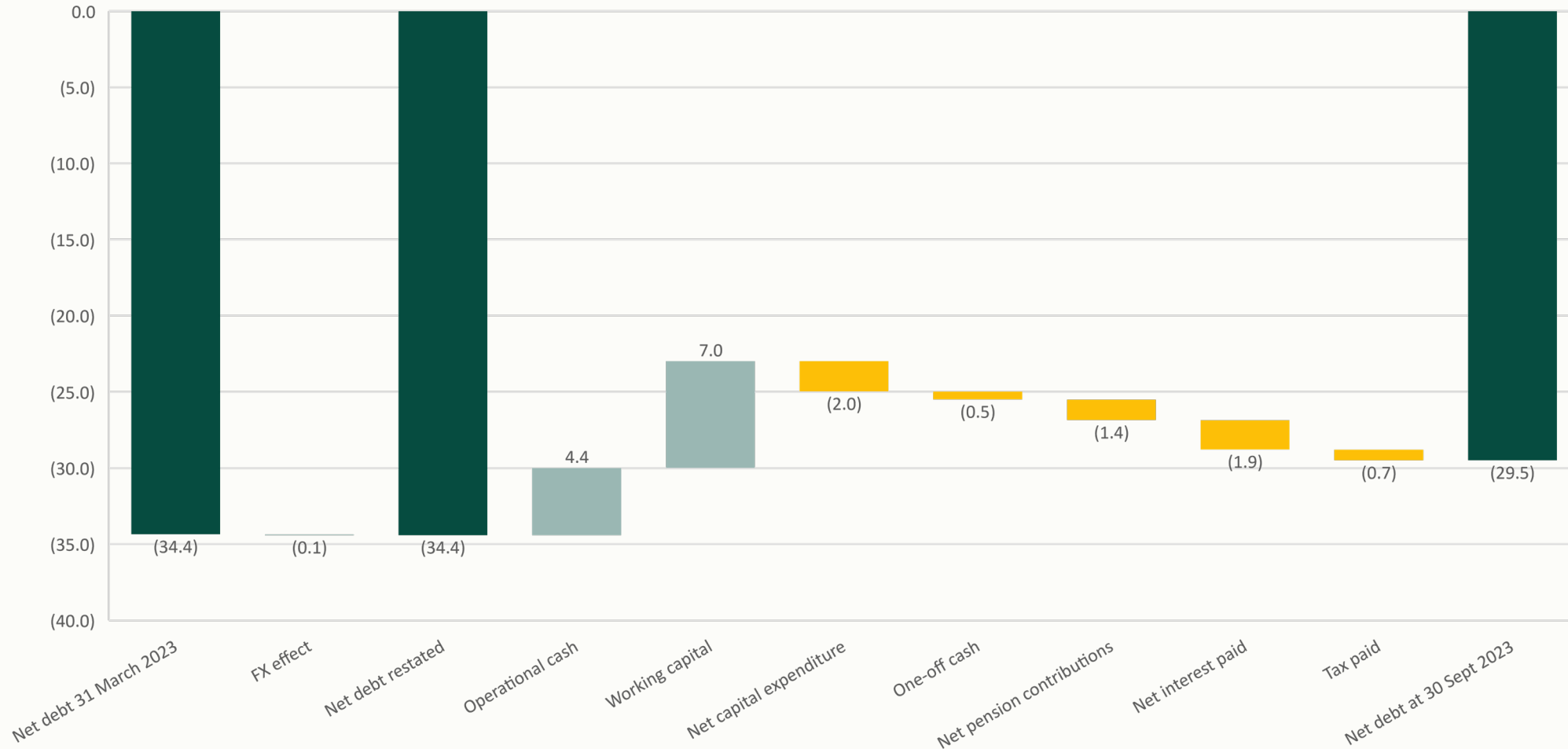
	Sep 23	Mar 23	Sep 22
Net debt	(29.5)	(34.4)	(36.8)
Net debt to uEBITDA*	2.3	2.5	2.7
Undrawn facilities	-	-	3.5

* last twelve months uEBITDA

Net Debt Progression H1 2024 (£m)

H1 2024 Net Debt

■ Increase ■ Decrease ■ Total



Cash Generation

£m	H1 2024	H2 2023	H1 2023	Change H1 on H1	Comments
Underlying EBITDA	6.2	6.5	7.5	(1.3)	
Change in working capital	7.0	3.5	(4.7)	11.7	Effect of proactive Working Capital management
Interest paid	(2.2)	(1.8)	(1.2)	(1.0)	Rising interest rates
Net taxes paid	(0.7)	(0.5)	(0.6)	(0.1)	
Net pension contribution	(1.4)	(1.1)	(1.6)	0.2	
Other	(0.4)	(1.5)	(0.7)	0.3	
Cash from operating activities	8.5	5.1	(1.3)	9.8	
Net capital expenditures	(4.0)	(3.0)	(2.9)	(1.1)	Owned and leased
Foreign exchange impact	0.0	(1.4)	1.1	(1.1)	H1 2023 FX translation impact
Free cash flow	4.5	0.7	(3.1)	7.6	



Business Update



Business Update

		Focus	Revenue development	Comments
CTP	<p>Design & Engineering</p>	Innovation, Automation, Validation, Education		<ul style="list-style-type: none"> ◆ Completing customer programs ◆ Revitalisation program of customer tooling ◆ Developing new internal back-end automation
	<p>Manufacturing Solutions</p>	Operational Excellence through focussed platform		<ul style="list-style-type: none"> ◆ Reduction PCR testing demand. ◆ Growth non-PCR In vitro Diagnostics
	<p>Aerospace</p>	Niche Market		<ul style="list-style-type: none"> ◆ Continuing growth of aviation market ◆ New projects in adjacent markets



Strategy



Market

Reduction in PCR testing after COVID-19 has reduced market demand for our customers

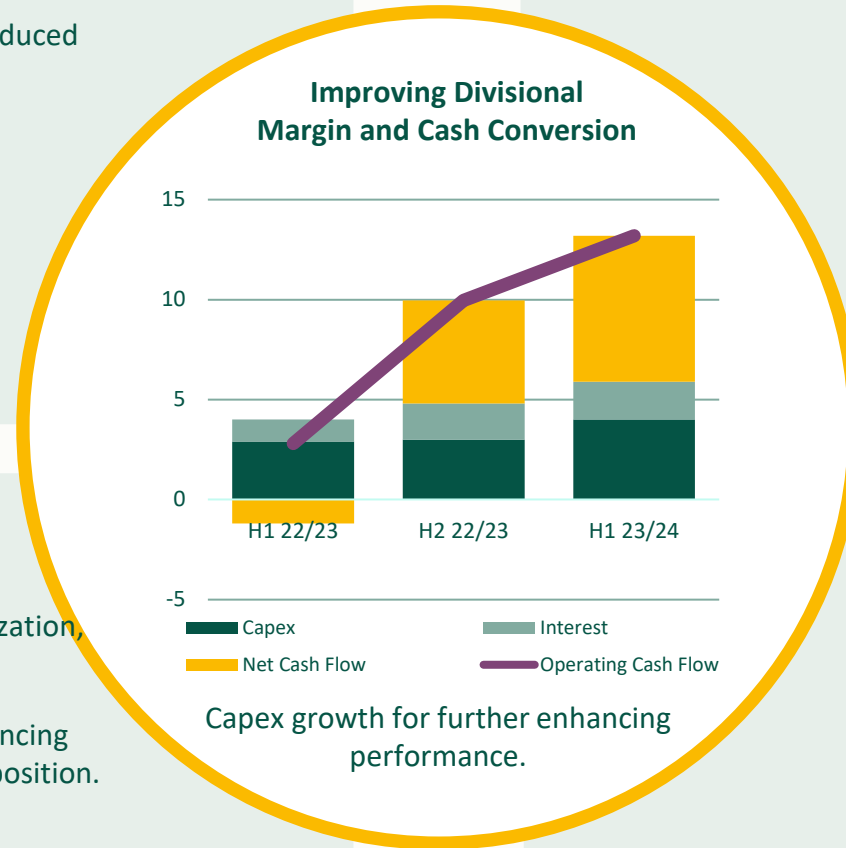
Advancing Technologies and convenience, fuel growth of the underlying market Life Science market

High precision components in ATM market under pressure

Resilience

Successful executions on strategic pricing, operational excellence, and cost optimization, bolstered margins and cash generation

Commitment to invest in core facilities for advancing value engineering and evolving the market proposition.



Business Focus

Carclo 2025 Plan: "Focus and Value"

Strengthen our Balance Sheet

Factory Specialisation medium and long run business

Optimise fixed cost structures

Outlook

Positive long-term outlook driven by market growth, strong customer relations, and operational excellence.

Restructuring plan being actioned for the US

Continued Expansion in Diagnostic Services

Addressing increased global interest rates with effective debt management and cash flow improvements.

Driving Cash and Margin through Responsiveness

Delivering on our Strategy

Safety & Wellbeing

- ✦ Safety Culture implemented
- ✦ More incidents being reported
- ✦ Reduced the lost time incidents

Strengthening Balance sheet

- ✦ Reduced net debt by £4.9m vs Mar 23
- ✦ Reduced working capital to sales from 15% to 6.9%
- ✦ Capex program to enhance performance

Employee Development

- ✦ Training centre in US
- ✦ Inclusive continuous improvement culture

Operational Excellence

- ✦ Increased operational performance and asset utilisation
- ✦ Global standardisation of processes
- ✦ Optimizing material processing for enhanced efficiency

Product Focus Factory Specialisation

- ✦ Operating dedicated medium and long run facilities
- ✦ Expertise centres by technology and region
- ✦ Exited our short run business in the US

Embracing Sustainability

- ✦ Initial results Zelda project in waste
- ✦ Awarded EcoVadis Bronze, Top 50% Recognition

The Opportunity

Focus Area

Market / Growth Driver

Carclo Positioning

We operate in global markets with solid base growth



In vitro Diagnostic
Technology Advances



Drug Delivery
Convenience & Selfcare

Strong global manufacturing footprint with focused factories with proven track record on multi component products.

We focus on the niche markets



Aerospace
Servicing replacement



Integrated Technology
Diversified Applications

Specialist Aerospace business well positioned to capture the European Growth with key players.

Strong developments in precision Fresnel technology

Renewing focus on global growing markets



Pharma
Delivering Innovation



Animal Health
Enhancing Longevity

Building on our core design & engineering knowhow and applying existing manufacturing techniques

Our Colleagues & Culture

Diverse and in-depth talent pool

Diversity across all dimensions strengthens our decision-making

Success through engaging and empowering all employees

Our core values



We seek a better way



We operate as 'One Carclo'



We are always open and honest



We drive long-term sustainable growth



We will always act responsibly



Together, we create more than products

H1 2024

First half-year marked by reduced In vitro Diagnostics sales post COVID-19; Enhanced margin through operational improvement and cost optimization. Cash performance driven by strict working capital management.

FY 2024

Near-term priorities

- Restructuring our US operations to reduce cost and drive efficiency
- Maintain strong operational grip of the business
- Rolling out our global procurement concept
- Reducing the overhead cost throughout the organisation
- Completing the new program for our strategic customer

Medium-term priorities

- Invest in our core facilities to drive further value engineering
- Evolve our proposition to the market
- Supporting employee development and training
- Delivering total returns of 10% ROS and 15% ROCE



Manufacturing Excellence



Opportunity Capture



Process Innovation



Onward to New Horizons

