Final Results

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Acal PLC
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Press Release

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Audited Preliminary Results for the Year Ended 31st March 2001

The key points are:-

* Sales increased from £245million to £325million up 33%
* Operating profit before interest and goodwill amortisation increased from £15.3million to £25.1million up 64%
* Profit before tax, goodwill amortisation and exceptional items increased from £14.4m to £22.6m up 57%
* Earnings per share before goodwill amortisation and exceptionals increased from 40.3p to 56.8p up 41%
* Headline earnings per share at 47.3p up 43%
* Dividend for the year at 16.5p per share up 20%

Commenting on the results and outlook, John Curry, the Chairman of Acal plc said: -

'I'm pleased to report we have had a great year. Rapid organic growth has taken us to a new and much higher level of profit. All divisions have performed well, and the organic increase in sales of 31% validates our strategy of value added distribution driven by technology. We have achieved average organic growth during the last five years of 19%, and are confident of our ability to manage the business successfully through the trading cycles.'

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Notes to Editors:

1 The Acal Group is a leading European, value-added distributor providing specialist design-in, sales and marketing services for international suppliers in the fields of Electronic Components, Information Technology Products, IT Parts Services and Industrial Controls. Its value-added philosophy and geographic coverage enables Acal to provide specialist knowledge and support to customers on a pan-European basis.

2 Design-in is the process by which Acal's sales engineers work with customers and suppliers to procure components which meet the specific technical

and performance needs of the customers.

3 Acal has operating companies in the UK, Netherlands, Belgium, Germany, France, Italy, Scandinavia and the USA.

CHAIRMAN'S STATEMENT

Results

I am pleased to report we have had a great year. Rapid organic growth has taken us to a new and much higher level of profit.

Sales have increased from £245.4m to £325.3m, up 33%. Organic growth was 31%, currency translation had a 2% negative impact, and the balance of 4% was because this year included a full year of the Sedgemoor acquisition. This produced growth in operating profit before interest and goodwill amortisation of 64%, up from £15.3m to £25.1m.

Group profit before taxation, increased 60% to £20.1m from £12.6m. With taxation of 35% versus 29% this has translated into earnings per share before goodwill amortisation and exceptional items of 56.8p versus 40.3p, up 41%. Headline earnings per share after goodwill write-off is 47.3p, a 43% increase.

Your Board proposes a final dividend of 11.0p per share (9.2p), making a total for the year of 16.5p per share (13.8p), an increase of 20%.

Summary Review

Pride of place in this year's success has been the very rapid growth, particularly in the first nine months of the year, in our IT Products division, with network and data communications equipment, including fibre channel products, leading the way. We have also seen growth in electronic components both in continental Europe and the UK.

I reported last year that our investment in the IT Parts Services division was bearing fruit but the full benefit was twelve months away. I am glad to report that success in turning this business around has been more rapid than predicted. Thus in summary, all divisions have performed well this year.

Long-Term Growth

In the 1997 Annual Report we highlighted how the first ten years of the Group had been characterised by the establishment and development of our strategy, and that we were entering a phase when we could expand profitably. We have successfully demonstrated this in the ensuing years.

This year's success underlines the continued growth of the core business and validates our strategy of value added distribution, both with electronic components and Information Technology products and parts services. We have achieved average organic growth of sales over the last five years of 19%, with a range of growth rates of between 6% and 31% in the period. Looking ahead the challenge is to maintain this trend of growth through the economic cycles, and achieve success in the future as we have done in the past.

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Although industry as a whole does not appear to have achieved the long-term growth we have shown, this does not seem to be reflected in our stock market rating relative to the All Share Index. We will endeavour, in the future, to communicate better to potential investors the underlying strength of the business, the value added we provide to our customers and how we ride on the back of technology-driven growth, without the risk of most technology investments.

This industry provides many opportunities. We aim to achieve strong organic growth above the market average in the medium term, and to look for acquisitions which fit our clearly defined strategy.

Appreciation

During the year the rapid growth has put enormous strain on our staff and

management. As usual, they have risen to the challenge. It is interesting to note that while organic growth was 31%, the comparable increase in employee numbers was 7%. As a Board we are fortunate to have teams throughout the world who live up to our expectations.

Prospects

We have had an excellent twelve months, although as I reported at the half year, there were signs that growth was moderating. This trend has continued since December. To date, we have not experienced any of the serious setbacks of which we have read so much in the press in the part of our business relating to the network and communications industry. We remain confident of our ability, as always, to manage the phase of the economic cycle being signalled by the slower order pattern in the last few months, and the excess stock levels of some of our customers. We are also well placed to take advantage of new opportunities and the renewed strength in demand which is generally predicted for next year.

John Curry
4th June 2001

OPERATIONS REVIEW

Overall, the year was an excellent one for the Group. The expectations indicated twelve months ago and reiterated at the half year materialised in no short measure. This was as a result of the buoyant economic conditions which our industry has enjoyed during this period, coupled with the continuation of the strategies that we have been developing over the past years, which differentiate Acal from the majority of our competitors.

Acal's success is predominantly dependent upon the two similarly sized branches of its business, both of which have performed to, or in excess of expectations.

Electronic Components

Fuelled by the growth of the communications market as a whole, and the telecommunications sector in particular, Acal's component business achieved sales of £153m, up 30% over the previous year. Organic growth provided 22% of this increase, allowing for the fact that Sedgemoor was only included in last year's accounts from 1st June 1999.

It is pertinent to note that the telecommunications market which Acal serves is specifically the infrastructure market - not the subscriber (handset) market which tends towards commodity, low margin components.

This well illustrates one of the major Acal differentials: namely the supply of largely specialised products which, although affected during the year by extended lead-times, was in contrast to the suppliers and distributors of commodity products who saw supply delinquencies and, in some cases, allocations.

The Acal strategy of utilizing in-house technical skills and expertise with compatible products being focussed to target markets proved particularly successful and working as a true partner with many customers goes a long way towards building desirable and strong customer loyalty.

In such a good all-round year it is difficult to pick out specific successes but the performances of the Acal companies in Germany, Scandinavia, Belgium and Italy must be mentioned and in the UK Radiatron deserves inclusion for exceeding all expectations. These successes have in the main been as a result of the growth of applications within some of the major telecommunications customers and comprise a range of products from our frequency, R.F., semiconductor and electromechanical (connector) groups.

Information Technology Products and Services

Growth in all sectors of Acal's IT markets was achieved this year. Sales totalled £149m, up 39%.

IT Products Division

The Document Management businesses under the Headway banner continued to make progress after a somewhat disappointing previous year. The key achievements being growth and improved margins, particularly in the UK and Germany, Europe's largest markets.

The Networking business in the Netherlands, predominantly devoted to Cisco, continued several years of growth in a very demanding market which is destined to see continued rapid change. This puts many pressures on resources and people and the Acal Netherlands team can be congratulated on an excellent performance, not only in sales terms but also in the growth of added-value services to support the market and at the same time establishing a branch office in Belgium.

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The relatively new Acal Fibre Channel Solutions group has seen significant growth largely as forecasted with the continuing enlargement of the SAN (Storage Area Network) market and now supplies and supports this market Europe-wide with dedicated personnel in Germany, Netherlands, Belgium and the UK. In addition, we have at the time of writing a total of 40 accredited resellers in the UK, 210 across continental Europe and as far afield as Lithuania, Poland, Russia, South Africa, India, Singapore, Taiwan and Korea.

IT Parts Services Division

EAF has prospered as predicted twelve months ago. It has successfully established a number of major OEM relationships which are providing a stable platform for growth, both in the PC and printer industry. This has been achieved in the UK, Germany and the Netherlands. The task this year is to develop the organisation in France to the same level and extend our reach into new territories within Europe.

Industrial Controls

This predominantly Air Conditioning & Refrigeration components business showed a more modest 12% growth during the year with sales of £23m. This was roughly in line with expectations and provided a satisfactory result overall.

IT Systems Strategy

We have historically worked with decentralised systems to provide the necessary IT capability, and each company has made its own independent decisions. Over the past few years this has led to high levels of capital expenditure across the group, while at the same time some of our systems are being stretched because of the rapid growth.

We have therefore conducted a review of our own IT systems strategy. Our objective in this area continues to be to use information technology to become more effective and efficient, and to enhance the service which we provide to our suppliers and customers. The review has suggested that by greater sharing of skills and systems across the group, we can afford to invest in more sophisticated systems to meet our objective. As a result we have embarked on a project which will result in common systems across group companies. This is an important investment which is taking place this year while there is slower growth, so that we are fully operational when demand accelerates again, as it always does.

Tony Laughton
4th June 2001

FINANCIAL REVIEW

In comparing the Group's underlying performance for the year to 31 March 2001 with the previous year, we need to take account of the effect of exchange

rates and of the acquisition of Sedgemoor. The year to 31 March 2001 saw sterling on average approximately 3% stronger against continental European currencies than in the previous year, and thus the effect of exchange rates on the translation of the Group's results has been relatively minor. The Sedgemoor group of companies, which were acquired during the year ended 31 March 2000, were consolidated with effect from 1 June 1999. Hence their results for the 10-month period to 31 March 2000 were included in the Group's results for the year to that date, whereas a full twelve months' results are included this year.

The table below shows a comparison of the Group's underlying performance, with last year isolating these effects: -

£M	Year ended 31 March 2000	Underlying Increase	Effect of Acquisition	Effect of Exchange Rates	Year ended 31 March 2001
Sales	245.4	+75.7	+9.3	-5.1	325.3
% change		+31%	+4%	-2%	+33%
EBITA*	15.6	+7.2	+0.4	-0.3	22.9
% change		+46%	+3%	-2%	+47%

(*EBITA being Earnings before interest, taxation, exceptional items, the Group's share of results of associated undertakings, and amortisation of goodwill)

Overall gross margins at 23.3% (2000: 24.5%) reflected the change in product mix arising primarily from the faster growth rates in the Group's IT Products and specialist semi-conductor businesses.

The table below compares the sales and EBITA achieved by the Group's divisions during the year to 31 March 2001 with the prior year: -

	2001			2000		
	Sales £M	EBITA £M	EBITA % of Sales	Sales £M	EBITA £M	EBITA % of Sales
Electronic Components	153.1	13.0	8.5	117.9	9.1	7.7
IT Products	111.3	6.2	5.6	69.1	2.8	4.1
IT Parts Services	38.0	2.5	6.4	38.0	2.5	6.4
Industrial Controls	22.9	1.2	5.3	20.4	1.2	5.8
	325.3	22.9	7.0	245.4	15.6	6.3

Net operating expenses before exceptional items and goodwill amortisation increased during the year from £44.6m to £53.0m. Of this increase of £8.4m, an amount of £2.5m is attributable to the acquisition of Sedgemoor and there was a benefit of £0.6m from exchange rate movements, so that the underlying increase was £6.5m, representing 15% as compared with the underlying sales growth of 31%.

Westech, our electronic components associate in the Far East, delivered a strong performance during the year, helped by exceptionally buoyant trading conditions, and this is reflected in the Group's share of the profit of associated undertakings increasing from £0.4m to £2.2m.

Net interest cost of £2.5m (2000: £1.6m) for the year was covered 10 times (2000: 10 times) by profit before interest, tax and goodwill amortisation.

The Group's effective tax rate for the year ended 31 March 2001 (based on profit before tax and amortisation of goodwill) was 34.7% as compared with 29.1% in the previous year. The higher rate this year has arisen partly because of the relatively greater proportion of profits generated in higher tax-rate jurisdictions in continental Europe. Moreover, as we explained at the time, last year's tax charge included certain one-off benefits of the reversal of timing differences and relief for tax losses brought forward.

We continue to have a strong balance sheet and finished the year with net debt of £18.3m as compared with £23.9m at the end of the previous year. Although

credit for this achievement goes to the Group's operating companies which have worked hard at managing cash, it must also be acknowledged that the position at the end of the year reflected some one-off benefits in the timing of cashflows. Shareholders' funds increased from £54.1m at 31 March 2000 to £ 63.6m at 31 March 2001, predominantly as a result of the retained profits for the year.

The first half of the year saw an increase in working capital employed beyond that resulting from the growth of the business. This was primarily because buoyant trading conditions led, in some cases, to lengthening lead times from suppliers and hence the need for extra buffer stocks to maintain customer service levels. The Group's operating companies have been placing particular emphasis on managing their working capital and the second half of the year has seen some progress towards achieving targets we have set ourselves in accordance with our model. We will continue to work hard in this area.

The ordinary dividends for the year to 31 March 2001 will absorb £4.3m (2000: £3.6m) and are covered 3.4 times (2000: 2.9 times) by attributable profit before deducting the amortisation of goodwill.

Jim Virdee

4th June 2001

ACAL plc

Audited Preliminary Results for
the Year ended 31st March 2001

	Year ended 31st March	
	2001	2000
	£'000	£'000
Turnover	325,329	245,360
Operating Profit	22,900	15,558
Excluding exceptional items and goodwill amortisation		
Exceptional items	-	(726)
Goodwill amortisation	(2,471)	(2,076)
Group Operating Profit (excluding associated undertakings)	20,429	12,756
Group Share of Operating Profits of Associated Undertakings	2,196	434
Total Operating Profit (including associated undertakings)		
Excluding exceptional items and goodwill amortisation	25,098	15,994
Exceptional items	-	(726)
Goodwill amortisation	(2,473)	(2,078)
	22,625	13,190
Net profit on disposal of investments and tangible fixed assets	-	1,014
Net interest payable - group	(2,358)	(1,592)
Net interest payable - associated undertakings	(172)	(32)
Profit before Taxation:	22,568	14,370
Excluding exceptional items and goodwill	-	288
amortisation	(2,473)	(2,078)
Exceptional items		
Goodwill amortisation		
Profit on Ordinary Activities before Taxation	20,095	12,580
Tax on Profit on Ordinary Activities:		
United Kingdom	(3,441)	(2,384)
Overseas	(3,782)	(1,756)
Associated undertakings	(619)	(129)
	(7,842)	(4,269)
Profit on Ordinary Activities after Taxation	12,253	8,311
Minority Interests - equity	-	(79)
Profit Attributable to Ordinary Shareholders	12,253	8,232
Dividends on Ordinary Shares	(4,294)	(3,558)
Retained Profit for the Year	7,959	4,674
Earnings per Share	47.3p	33.1p
Diluted Earnings per Share	46.7p	33.0p

Earnings per Share Excluding Goodwill Amortisation and Exceptional Items	56.8p	40.3p

ACAL plc

Audited Balance Sheet
as at 31st March 2001

	At 31st March	
	2001 £'000	2000 £'000
FIXED ASSETS		
Intangible assets	44,915	47,388
Tangible assets	10,165	9,342
Investments	3,995	2,957
	59,075	59,687
CURRENT ASSETS		
Stocks	36,223	26,284
Debtors	67,659	52,021
Cash at bank and in hand	12,651	8,461
	116,533	86,766
CREDITORS:		
Amounts falling due within one year	(91,997)	(64,503)
NET CURRENT ASSETS	24,536	22,263
TOTAL ASSETS LESS		
CURRENT LIABILITIES	83,611	81,950
CREDITORS:		
Amounts falling due after more than one year	(15,669)	(22,926)
PROVISIONS FOR LIABILITIES		
AND CHARGES	(4,353)	(4,942)
NET ASSETS	63,589	54,082
CAPITAL AND RESERVES		
Called up share capital	1,301	1,289
Share premium account	36,554	35,586
Revaluation reserve	301	290
Profit and loss account and other reserves	25,433	16,917
EQUITY SHAREHOLDERS FUNDS	63,589	54,082

ACAL plc

Audited Summary Cash flow Statement for

the Year ended 31st March 2001

	Year ended 31 March	
	2001 £'000	2000 £'000
OPERATING ACTIVITIES		
Operating profit	20,429	12,756
Depreciation and other non cash items	5,305	4,619
Increase in working capital	(4,851)	(3,417)
NET CASH INFLOW FROM OPERATING ACTIVITIES	20,883	13,958
Dividends from associated undertaking	300	-
Net interest paid	(2,358)	(1,592)
Tax paid	(6,850)	(6,061)

Net expenditure on tangible fixed assets and investments	(3,730)	(4,194)
Net cash flow from acquisitions and disposals	222	(31,885)
Equity dividends paid	(3,794)	(3,253)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	4,673	(33,027)
(Decrease)/increase in debt and finance leases	(7,318)	22,019
Issue of share capital	980	138
NET DECREASE IN CASH	(1,665)	(10,870)
Reconciliation of net cash flow to movement in net debt/cash		
NET DECREASE IN CASH	(1,665)	(10,870)
Cash outflow/(inflow) from	7,318	(22,019)
decrease/(increase) in debt and lease	-	(89)
financing	(73)	67
Lease financing acquired with subsidiary		
Translation differences		
MOVEMENT IN NET DEBT	5,580	(32,911)
Net (debt)/cash at beginning of the period	(23,938)	8,973
Net (debt) at end of the period	(18,358)	(23,938)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year ended 31 March	
	2001	2000
	£'000	£'000
Profit attributable to shareholders	12,253	8,232
Net gain/(loss) on currency translation	568	(1,372)
Total recognised gains and losses for the financial period	12,821	6,860

NOTES:-

1 The preliminary results were approved by the Board on 4th June 2001.The financial information set out above does not constitute the company's statutory accounts for the year ended 31st March 2001 or 2000, but is derived from those accounts. Statutory accounts for 2000 have been delivered to the Registrar of Companies whereas those for 2001 will be delivered following the company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

2 The final dividend is payable on 25th July 2001 to shareholders on the register on 15th June 2001.

3 Earnings per share for the year to 31st March 2001 have been calculated on the profit attributable to ordinary shareholders of £12,253,000 using the weighted average number of ordinary shares in issue during the period.

4 The Annual Report and Accounts will be mailed to shareholders on or before 20th June 2001. Copies will also be available from: -

Acal plc
2 Chancellor Court
Occam Road
Surrey Research Park
Guildford
GU2 7AH

The results will not be advertised in any newspaper

Ends