Interim Management Statement

Released : 29 Jul 2014

RNS Number : 5754N
Acal PLC
29 July 2014

For Release
7.00am, 29 July 2014

Acal plc
Interim Management Statement

Acal plc (LSE: ACL, "Acal" or the "Group"), a leading international electronics specialist, today issues its first Interim Management Statement for the year ending 31 March 2015, which covers the period from 1 April 2014 to date.

The business is performing well. Electronics sales increased by 12% (excluding Noratel) at constant exchange rates compared with the same period last year. Like-for-like sales (excluding acquisitions made since this period last year) were up 4%.

The order book remains strong at over £60m (excluding Noratel). Overall orders are up 5% and like for like orders are slightly below last year, when excluding a large one off order last year. As expected, July has seen growth in orders compared to the beginning of the year.

The period has seen an increase in gross margins while underlying operating expenses remain broadly in line with the prior year on a like-for like basis.

Acquisition of Noratel

On 17 July 2014, Acal completed the acquisition of the Noratel Group, a specialist designer and manufacturer of electromagnetic products, for a cash free/debt free consideration of NOK 747m (£71.5m at the completion exchange rate), including completion adjustments. The acquisition was funded by a £55m rights issue (approved by shareholders on 23 June 2014 and completed on 9 July 2014), consideration shares of NOK 8m (£0.7m) issued to members of the management team at completion, and from a partial draw down of the Group's new £70m debt facility, which became effective on completion.

The acquisition of Noratel brings distinct benefits, further strengthening Acal's specialist electronics business, enhancing financial performance and expanding the Group's geographic profile in Europe, China, India, Sri Lanka and the USA. Activities are underway to realise cross-selling opportunities and operating efficiencies across the Group.

Noratel's trading has continued to develop positively and in line with management's expectations.

Integration of Young Electronics Group ("YEG")

YEG, which was acquired in August 2013, was fully integrated on schedule into Acal BFi UK during April 2014, and delivered the planned operational savings. By fully integrating the operations into Acal BFi UK, the business has been able to retain and develop its commercial capabilities whilst developing appropriate levels of sustainable profitability.

Exit from Supply Chain Division

On 3 June 2014, the Group completed the disposal of its non-core UK enterprise services business with a net receipt of £5.3m on completion. A further £0.3m of deferred consideration is payable by 31 December 2014. As this disposal represented the final part of the Group's Supply Chain Division, this division was treated for accounting purposes as a discontinued operation in the financial statements for the year ended 31 March 2014.

Post disposal, Acal is now fully focused on the design, manufacture, supply and distribution of specialist electronics.

Financial position

As part of the acquisition of Noratel, the Company has entered into a new £70m banking facility. This facility has been partially drawn down to refinance existing debt facilities of Acal and the Noratel Group. The Company estimates that the net debt of the enlarged group following completion was approximately £25m. Estimated net debt post completion is expected to be less than 1.5 times the enlarged

group's pro forma underying EBITDA to 31 March 2014. The enlarged group is expected to generate healthy free cash flow which should reduce this ratio over time.

Nick Jefferies, Group Chief Executive commented:

"The new year has started well with sales in the period up 12%, and a continuing strong order book. We continue to keep operating expenses and working capital tightly under control, optimising operating leverage.

Trading in Noratel since the acquisition announcement has been ahead of last year, and activities are underway to realise cross selling and operating efficiencies. We welcome Noratel employees into the Group.

With steadily improving market conditions, we are confident about future opportunities. Our priorities remain to continue delivering organic growth rates well ahead of the market, as well as completing further value enhancing acquisitions."

For further information, please contact:

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Notes to the Interim Management Statement

1. All growth percentages are calculated using constant exchange rates.

2. Like-for-like growth for the Group is calculated at constant exchange rates excluding the acquisition of the Noratel Group this year and YEG and RSG acquired during last year.

3. Pro forma underlying EBITDA based on historical full year financial information for Acal and Noratel contained within the Group's prospectus dated 5 June 2014

4. This Interim Management Statement has been prepared solely to provide additional information to the shareholders of Acal plc, as a body, in order to meet the requirements of the UK Listing Authority's Disclosure and Transparency Rules.

Notes to Editors:

About Acal plc
Acal is a European leader in design, manufacture and distribution of specialist electronic products for the industrial and healthcare sectors. It is the only such provider with an infrastructure to deliver a broad range of specialist products and bespoke solutions across Europe. Acal's strategy is to further enhance its leadership position through organic growth, complementary acquisitions and continued enhancement of its custom service capabilities. It has completed eight acquisitions in the last five years, increasing its specialist revenue more than four fold. Acal has operating companies across Europe including the UK, Germany, France, the Nordic region, Benelux, Italy, Poland and Spain as well as in Asia (China, India, Sri Lanka and South Korea), the US and South Africa. Businesses comprise Acal BFi, Hectronic, MTC, Myrra, Noratel, RSG, Stortech and Vertec.

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