Trading Update

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Acal plc
First Half Trading Update

Acal plc (LSE: ACL, "Acal" or "the Group"), a leading designer, manufacturer and distributor of custom electronics, today issues a trading update for the six months ended 30 September 2014 ahead of publishing its half-year results on 27 November 2014.

Sales for the first half were 27% ahead of last year at constant exchange rates and up 20% at reported rates (the difference reflecting the impact of sterling strength since last year)[(1)]. Like-for-like sales (constant currency, excluding acquisitions)[(2)] were up 3% with acquisitions (Noratel, YEG and RSG) contributing the additional 24%.

During the first half, our design & manufacturing businesses[(3)] experienced continued healthy like-for-like sales growth, whilst the custom distribution businesses[(3)] saw improving demand driven by Germany and Italy in particular. The UK distribution market remains slow, as reported in the second half of last year.

Orders continued to grow in all territories and businesses, other than the UK. Group orders were up 19% at constant exchange rates. Like-for-like orders were down slightly when excluding a large one off order last year and up 4% excluding UK distribution.

Gross margins continued to be strong and ahead of last year.

Noratel has performed well since its acquisition on 17 July 2014 and in line with our expectations. Cross-selling programmes are underway between the Group's three magnetics businesses (Noratel, Myrra and Acal BFi Magnetics) with the first design opportunity already won. Additionally, Myrra products have been included in a Noratel customer contract with a global healthcare provider to supply custom design products which is expected to generate new revenue in the years ahead.

During the first half, a restructuring of the Acal BFi UK sales and marketing team was initiated in order to enable more efficient integration of web-generated sales opportunities into the sales organisation. This follows the successful integration of YEG into Acal BFi UK in April 2014 after its acquisition in August 2013.

RSG, the Frankfurt-based power solutions supplier acquired in December 2013, is also performing well and as expected.

Together with the acquisition of Noratel, we expect to report strong growth in first half underlying Group earnings, in line with our expectations.

Nick Jefferies, Group Chief Executive, commented:

"Revenue growth of 27% in the first half was driven by acquisitions along with healthy organic growth in our design & manufacturing businesses and improving demand in our German and Italian custom distribution businesses. All of this will significantly increase first half Group earnings compared to last year.

Noratel, our latest acquisition, has started well and is generating new opportunities through its access to the Group's existing relationships with over 20,000 customers.

We remain focused on our strategy of supplying technically demanding, custom products that will generate sales growth ahead of GDP and on acquiring businesses with similar characteristics."

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Notes to Trading Update

1. Unless stated, growth percentages are calculated using constant exchange rates and using provisional data for the half year. The average sterling rate of exchange has strengthened 7% against the Euro for this half year compared to the first half last year (rising from €1.17 to €1.25), negatively affecting reported sales and earnings for this period by around 5%. The average sterling/Euro exchange rate since 30 September 2014 has been €1.28.

2. Like-for-like Electronics growth rates exclude acquisitions (Young Electronics Group ("YEG"), RSG Electronics Components GmbH ("RSG") and the Noratel Group ("Noratel") which were acquired on 30 August 2013, 2 December 2013 and 17 July 2014 respectively).

3. Subsequent to the disposal of the Supply Chain business earlier this year, the Group has organised its business into two segments, Custom Distribution and Design & Manufacture. The forthcoming half year results will be reported on this basis.

About Acal plc

Acal is a leading European designer, manufacturer and distributor of custom electronics.It supplies technologically demanding, differentiated products and solutions to industrial and healthcare companies which use them for their own product innovation. Acal has two divisions: Custom Distribution and Design & Manufacturing. The majority of sales comes from customised products and solutions, which are either created uniquely for a customer or sourced exclusively. The Group works across a range of technologies, including Electromagnetics, Power and Communications. It operates through the following wholly-owned companies: Acal BFi, Hectronic, MTC, Myrra, Noratel, RSG, Stortech and Vertec. Acal has operating companies and manufacturing facilities in a number of markets, 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.

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