Trading Update

Released : 15 Oct 2015

RNS Number : 3421C
Acal PLC
15 October 2015

For Release
7.00am, 15 October 2015

Acal plc
First Half Trading Update

Acal plc (LSE: ACL, "Acal" or "the Group"), one of the leading international suppliers of customised electronics to industry, today issues a trading update for the six months ended 30 September 2015 ahead of publishing its half-year results on 30 November 2015.

Group reported sales for the period increased by 18% and by 30% at constant exchange rates ("CER")[1], the difference reflecting the significant translational impact of Sterling strength during the period[2]. Like-for-like sales[3] were up 2%, with gross margin higher than last financial year, and operating margin now in excess of 5%.

Following the acquisitions of Noratel and Foss last year, sales at CER in the Design & Manufacturing division ("D&M") have nearly doubled and like-for-like sales were up by 4%. D&M sales comprised 46% of total Group sales in the first half (up from 37% in the last financial year). Both Noratel and Foss have performed well, generating good levels of organic sales growth over their comparable pre-acquisition periods last year.

The Custom Distribution division (54% of total Group sales) saw sales in line with the same period last year at CER. Sales in continental Europe grew by 4% CER, with ongoing sales[4] up 11% CER, whilst in the UK where the market continues to be soft, sales stabilised through the first half following last year's restructuring. As announced last year, the division discontinued sales of its final major non-specialist, low margin supplier, in line with our strategy. This decision, along with a few large, non-repeating orders last year, is expected to impact prior year comparative growth rates in the second half.

Cross-selling activities continue to develop positively, with further growth seen in both the cross-selling of D&M products through the Custom Distribution division, and the cross-selling of technologies to existing Custom Distribution customers.

Nick Jefferies, Group Chief Executive, commented:

"First half sales increased by 30% and with gross margins higher than last year, we will deliver good growth in first half earnings, as expected. Our Design & Manufacturing division and our Custom Distribution businesses in continental Europe generated good levels of organic growth for the market conditions and last year's acquisitions of Noratel and Foss are both performing well.

Although encouraged by some positive European macro indicators, we remain cautious over the effects of any wider economic slowdown and the continuing impact of foreign exchange translation headwinds. There are several acquisition opportunities in the pipeline and we have debt funding resources available."

For further information please contact:

Acal plc 01483 544 500
Nick Jefferies - Group Chief Executive
Simon Gibbins - Group Finance Director

Instinctif Partners 020 7457 2020
Mark Garraway
Helen Tarbet
James Gray

Notes to First Half Trading Update

1. Growth rates at constant exchange rates ("CER"). Unless stated, growth rates refer to the comparable prior year period.

2. The average sterling rate of exchange strengthened 12% against the Euro for the 6 months ended 30 September 2015 compared with

the average rate for the first half last year (rising from €1.244 to €1.39) and strengthened 16% against Nordic currencies on average, negatively affecting reported sales for this period by around 10% and underlying operating profit by around 15%.

3. Like-for-like growth for the Group is calculated at CER, including the pre-acquisition periods of the Noratel Group and Foss Group which were acquired last financial year (on 17 July 2014 and 7 January 2015 respectively).

4. Ongoing sales exclude large, non-repeating orders from last year and sales of its final major non-specialist, low margin supplier, which was discontinued last year.

About Acal plc

Acal is a leading supplier of customised electronics to industry. It designs, manufactures and distributes customer-specific electronic products and solutions to 25,000 industrial manufacturers and is listed on the London Stock Exchange (LSE: ACL).

Acal has two divisions: Custom Distribution and Design & Manufacturing. The majority of its sales comes from products and solutions which are either created uniquely for a customer or sourced exclusively. Acal works across a range of technologies, namely Communications & Sensors, Electromechanical, Imaging & Photonics, Embedded Computers & Displays, and Power & Magnetics.

Acal operates through the following wholly-owned businesses: Acal BFi, Foss, Hectronic, MTC, Myrra, Noratel, RSG, Stortech and Vertec. It has operating companies and manufacturing facilities in a number of markets, including the UK, Germany, France, the Nordic region, Benelux, Italy, Poland, Slovakia and Spain, as well as in Asia (China, India, Sri Lanka and South Korea), the US and South Africa.

This information is provided by RNS
The company news service from the London Stock Exchange

END

TSTPKPDBPBDKQKD