For Release
7.00am, 13 October 2016

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 2016 ahead of publishing its half-year results on 29 November 2016.

For the first half, the Group expects to report further good progress with double digit growth in underlying operating profit as anticipated. Orders were 18% higher than the previous year, and sales 10% higher. In the Design & Manufacturing division, sales were 24% higher and in Custom Distribution 2% lower. Our outlook for the year remains unchanged.

The business continues to perform well despite the general economic uncertainty. As anticipated and reported in July, first half organic sales were slower. However, as gross margins have remained robust along with tight cost control, profitability levels have been maintained.

Since the first quarter, orders have increased and are showing good levels of organic growth in line with our expectations of achieving stronger sales in the second half of the year. Second quarter orders grew organically by 3% over the prior year and September order intake was better than expected being 6% higher than prior year. First half Group organic orders and sales were 1% and 8% lower respectively.

Given the international nature of the Group's business, we are benefitting from the translation effect of Sterling's decline in value since the end of June[1] partly offset by the impact of higher US Dollar purchases.

As part of our ongoing focus on efficiency improvements, a restructuring programme is being implemented in the Custom Distribution division that will reduce management numbers, close one unprofitable business subsidiary in Europe and reduce administrative costs whilst maintaining customer and sales focus. This is in addition to the previously announced actions that have resulted in the closure of three small Nordic production sites and the further integration of purchasing and production processes in the Design & Manufacturing division.

In total, these actions, which are being implemented during the current financial year, are expected to achieve cost savings of £4m per annum and deliver sustained profitability improvements next year and beyond. A one off associated exceptional cost of around £8m is expected to be incurred this year relating primarily to people and property costs.

Acquisitions remain an important part of the Group's growth strategy and we have a pipeline of opportunities that are progressing well.

The Board remains confident in our future prospects as we continue to execute our strategy and we look forward to further updating shareholders at our interim results in November.

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Notes to First Half Trading Update

1. The average sterling rate of exchange weakened 12% against the Euro for the 6 months ended 30 September 2016 compared with the average rate for the first half last year (falling from €1.39 to €1.226), weakened 11% against the US Dollar and weakened 10% against Nordic currencies on average

2. All growth rates are against the equivalent prior year period unless stated.

3. Organic growth for the Group is calculated at Constant Exchange Rates ("CER"), including the pre-acquisition periods of the Flux Group, Contour, and Plitron which were acquired last financial year (on 5 November 2015, 7 January 2016 and 1 February 2016 respectively).

4. The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

About Acal plc

Acal is a leading international 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: Design & Manufacturing and Custom Distribution. The majority of its sales comes from products and solutions which are created specifically for a customer. Acal works across a range of technologies, namely Communications & Sensors, Power & Magnetics, Electromechanical & Shielding, Embedded Systems, and Photonics & Imaging.

Acal operates through the following wholly-owned businesses: Acal BFi, Contour, Flux, Foss, Hectronic, MTC, Myrra, Noratel, Plitron, 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, South Korea, Sri Lanka and Thailand), North America (the US and Canada), and South Africa.