LANGLEY

6 months ended

30 June 2016

Langley Holdings plc: Interim Trading Statement

langleyholdings.com

Bernard Langley at the helm of *Gladiator B*, winner of the 2016 JP Morgan Round the Island Race. Injured veterans crewed on *Gladiator* and *Invictus*, joined by Prince Harry, which came 2nd in the 1,500 plus fleet.

The Langley family is a patron of HRH's work with injured servicemen and women.

LANGLEY

5 DIVISIONS
80+ SUBSIDIARIES
4,000+ EMPLOYEES

CONTENTS

Company Information

6 Months ended 30 June 2016

DIRECTORS:	A J Langley – Chairman B J Langley B A Watson
SECRETARY:	B A Watson
REGISTERED OFFICE:	Enterprise Way Retford Nottinghamshire DN22 7HH England
REGISTERED IN ENGLAND NUMBER:	1321615
AUDITOR:	Nexia Smith & Williamson Chartered Accountants Statutory Auditor Portwall Place Bristol BS1 6NA England
PRINCIPAL BANKERS:	Barclays Bank plc PO Box 3333 Snowhill Queensway Birmingham B4 6GN England Deutsche Bank AG Adolphsplatz 7 20457 Hamburg Germany Commerzbank AG Sand 5-7 21073 Hamburg Germany

LANGLEY

Key Highlights

6 Months ended 30 June 2016

	Actual Year Ended 31 December 2015 €´000	Actual 6 months to 30 June 2016 €´000	Forecast Year Ending 31 December 2016 €´000
REVENUE	874,506	417,090	931,466
OPERATING PROFIT	104,866	48,117	110,249
PRE TAX PROFIT	106,688	48,912	111,767
NET ASSETS	623,639	539,636	584,951
CASH	329,634	239,209	290,667
ORDERS ON HAND	301,221	283,928	288,767

	No.	No.	No.
EMPLOYEES	4,266	4,185	4,236

This Statement has been prepared in accordance with International Financial Reporting Standards (IFRS).

"Overall the half-year result exceeded expectations..."

"Forecasts for the year to 31 December indicate a consolidated PBT of circa €112 million..."

Chairman’s Review

6 Months ended 30 June 2016

In the six months to 30 June 2016, the group posted a profit before tax of €48.9 million on revenues of €417.1 million. This compares with €37.9 million for the same period last year, on revenues of €417.4 million. Net assets at June 2016 were €539.6 million (June 2015: €595.7 million) and cash €239.2 million (June 2015: €282.7 million). A shareholder dividend of €90.0 million was paid in April.

The first six months of 2016 was another very satisfactory trading period for the group. Overall the half-year result exceeded expectations and with the anticipated performance for the remainder of the year, 2016 looks set to be another remarkably strong year. Forecasts for the year to 31 December indicate a consolidated profit before tax of circa €112 million on revenues of €930 million, a 6% improvement on the 2015 result.

Manroland, our German printing press builder, had a slow order intake in the period, although this was expected ahead of drupa, the trade show held every four years in Düsseldorf. Order signings, during and after the show, bring the order intake back on track. The factory was optimally loaded from backlog in the first six months and will now remain so, until the year end. The profit is in line with expectations.

Piller, our producer of power protection systems for data centres, also based in Germany, experienced healthy order intake in the period and the factories are also well loaded through to the end of the year. Piller recorded its strongest first six month result on record and is expecting to emulate this in the second half.

Claudius Peters, our German plant machinery builder and aerospace components manufacturer, continued to be affected by a dearth of investment in the cement and steel industries, both sectors still suffering from over capacity. This is unlikely to change in the immediate future. However, the plant machinery business remained profitable in the period, on the current level of business, and I expect will also be acceptably profitable in the remainder of the year. Aerospace components manufactured for Airbus, which is a relatively small part of the business, performed in line with expectations. Negotiations have commenced to renew the five year contract, which ends in February 2018. However, if these negotiations are not satisfactorily concluded by the year end, this activity will be discontinued.

ARO, our French automobile welding machine producer, yet again, significantly exceeded plan in the first six months of 2016. Despite a strongly competitive market, its superior technology continues to be the preferred choice of many of the world’s leading motor manufacturers. The remainder of the year is likely to set new records.

"I do not expect BREXIT to have a substantial impact on the group..."

The Other Businesses division performed satisfactorily, also in line with expectations. Bradman Lake, the food packaging machinery specialist, had a good first half, with the UK business, more than compensating for a shortfall in its US subsidiary. Clarke Chapman also performed well and Reader Cement Products, with my son William Langley at the helm, commenced production at its new facility in May. This state-of-the-art blending and packing facility is expected to be operating at full capacity in the coming months. Drück Chemie, the printing consumables producer, acquired towards the end of 2014, is trading in line with expectations and exceeding our benchmark minimum 20% return on capital employed.

In the UK much has been made of the recent referendum decision to leave the European Union. The so-called "BREXIT" vote resulted in a sharp devaluation of sterling, by some 10% against the euro, and a little more against the US dollar in the immediate aftermath. What the longer term effects will be, remains to be seen. Although some 20% of the group's profits are derived from the UK, the majority of this is from the UK subsidiaries of our German and French divisions, all of which compete entirely with other European producers for UK trade. Putting aside a possible slump in demand, which I think unlikely, I expect the BREXIT effect on those businesses will be minimal. Our actual UK based businesses represent only a nominal percentage of the group as a whole and therefore I do not expect BREXIT to have a substantial impact on the group one way or the other, although UK assets are currently devalued by some 10% in Euro terms.

In the meantime, we have continued to seek out opportunities to further develop our business and have examined a number of possible acquisition opportunities, during the period. Whilst none of these are being pursued further at this time, we are currently redoubling efforts and have broadened the search area from not only within Europe, but also to include North America.

In conclusion, both the trading for the first six months and the outlook for the full year, are very positive. Moreover, the group is financially secure with substantial resources, not only for its existing operations, but also has sufficient surplus to continue its development independently. With the next generation of family now engaged in our business, I look forward to that next stage of development with optimism and confidence.

Anthony J Langley
Chairman
27th July 2016

Consolidated Income Statement

6 Months ended 30 June 2016

	Actual Year Ended 31 December 2015 €´000	Actual 6 months to 30 June 2016 €´000	Forecast Year Ending 31 December 2016 €´000
REVENUE	874,506	417,090	931,466
Cost of Sales	(570,813)	(265,566)	(613,130)
GROSS PROFIT	303,693	151,524	318,336
Net operating expenses	(198,827)	(103,407)	(208,087)
OPERATING PROFIT	104,866	48,117	110,249
Finance income	1,987	820	1,574
Finance costs	(165)	(25)	(56)
PROFIT BEFORE TAXATION	**106,688**	**48,912**	**111,767**
Income tax expense	(30,852)	(14,449)	(31,989)
PROFIT FOR THE PERIOD	**75,836**	**34,463**	**79,778**

This Statement has been prepared in accordance with International Financial Reporting Standards (IFRS).

"…we are currently redoubling efforts and have broadened the search area for further acquisitions from not only within Europe, but also to include North America."

Consolidated Statement of Financial Position

6 Months ended 30 June 2016

	Actual Year Ended 31 December 2015 €´000	Actual 6 months to 30 June 2016 €´000	Forecast Year Ending 31 December 2016 €´000
NON-CURRENT ASSETS			
Intangible assets	3,353	3,172	3,055
Property, plant and equipment	202,214	200,470	201,696
Investments	14	14	14
Trade and other receivables	3,482	1,927	2,034
Deferred income tax assets	22,377	20,324	21,064
Income tax recoverable	-	184	364
	231,440	**226,091**	**228,227**
CURRENT ASSETS			
Inventories	161,149	181,275	160,147
Trade and other receivables	165,824	165,523	149,358
Cash and cash equivalents	329,634	239,209	290,667
Current income tax recoverable	8,163	8,785	5,801
	664,770	**594,792**	**605,973**
CURRENT LIABILITIES			
Current portion of long term borrowings	129	83	71
Current income tax liabilities	11,964	6,258	9,637
Trade and other payables	189,277	202,854	168,471
Provisions	23,016	23,024	22,095
	224,386	**232,219**	**200,274**
NET CURRENT ASSETS	**440,384**	**362,573**	**405,699**
Total assets less current liabilities	671,824	588,664	633,926
NON-CURRENT LIABILITIES			
Provisions	1,950	2,871	2,579
Long term borrowings	173	115	89
Trade and other payables	15,480	15,549	15,930
Retirement benefit obligations	13,004	13,635	13,660
Deferred income tax liabilities	17,578	16,858	16,717
	48,185	49,028	48,975
NET ASSETS	**623,639**	**539,636**	**584,951**
EQUITY			
Share capital	71,227	71,227	71,227
Merger reserve	4,491	4,491	4,491
Revaluation reserve	3,849	3,849	3,849
Retained earnings	544,072	460,069	505,384
TOTAL EQUITY	**623,639**	**539,636**	**584,951**

This Statement has been prepared in accordance with International Financial Reporting Standards (IFRS).

Reconciliation of Retained Earnings

6 Months ended 30 June 2016

	Actual 6 months to 30 June 2016 **€´000**	Forecast Year Ending 31 December 2016 **€´000**
At 1 January 2016	544,072	544,072
Current profit for the period	34,463	79,778
Currency exchange difference arising on retranslation	(28,466)	(28,466)
Dividend paid	(90,000)	(90,000)
TOTAL RETAINED EARNINGS AT PERIOD END	**460,069**	**505,384**

This Statement has been prepared in accordance with International Financial Reporting Standards (IFRS).

langleyholdings.com