LANGLEY

6 MONTHS ENDED 30 JUNE 2019

LANGLEY HOLDINGS PLC: INTERIM TRADING STATEMENT

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Gladiator, the group sponsored TP52 racing yacht at the 2019 New York Yacht Club's 175th Anniversary Regatta in Newport RI, July 15th-20th. Flying the colours of the Yacht Club Costa Smeralda, the *Gladiator* carried the branding of the group's latest acquisition, Marelli Motori SpA.

Company Information

6 Months ended 30 June 2019

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:	01321615
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

Key Highlights

6 Months ended 30 June 2019

	Actual Year Ended 31 December 2018 **€´000**	Actual 6 months to 30 June 2019 **€´000**	Forecast Year Ending 31 December 2019 **€´000**
REVENUE	848,387	358,104	904,995
OPERATING PROFIT	101,120	18,554	62,379
NON-RECURRING ITEMS	0	(4,659)	(4,659)
PRE TAX PROFIT	103,520	20,124	64,907
NET ASSETS	722,604	648,962	682,411
CASH	379,541	228,691	266,429
ORDERS ON HAND	208,363	297,257	306,182
	No.	No.	No.
EMPLOYEES	4,255	4,993	5,022

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

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Chairman's Review

6 Months ended 30 June 2019

In the six months to 30 June 2019, the group posted a profit before tax and non-recurring costs of €24.8 million on revenues of €358.1 million. This compares with €43.5 million for the same period last year on revenues of €398.2 million. Net assets at the half year were €649.0 million (June 2018: €678.8 million). At 30 June 2019 the net consolidated cash balance stood at €228.7 million (June 2018: €350.4 million). There was a shareholder dividend of €90.0 million in April and in May the group invested €58.0 million in the acquisition of Marelli Motori, an Italian manufacturer of electric motors and generators. €4.7 million of acquisition costs and provision for re-organising the new business are shown as a non-recurring item in these accounts. (2018: nil)

In my review of the 2018 annual results, I reported that a much anticipated slow down had begun in the latter part of that year, following a number of successively record profit years. That slowdown has impacted the whole of the first half of 2019 and is expected to continue, although the second half is forecast to be considerably stronger than the first, across all divisions.

The combined forecasts for the year ending 31 December 2019 are indicating a consolidated profit before tax of €64.9 million on revenues of €905.0 million. This after the previously mentioned €4.7 million of non-recurring costs associated with the acquisition of Marelli Motori.

Piller Group, based in Germany, which manufactures power protection equipment for data centres, again cited a downturn in its US business as the main reason for lower profits, although Central Europe, India, the Far East and Australasia are buoyant. The second half is expected to improve significantly on the first, although down on the outstandingly good recent years, and overall will be a very satisfactory contributor.

Similarly ARO, our French automotive welding equipment producer, will also be down on the outstanding performances in previous years, but still a very satisfactory result. The division is on target at the half-way and expected to exceed budget in the second half.

Claudius Peters, our German plant machinery builder and aircraft stringer producer, began the year with a very low order book in both divisions. At the half year, order intake in the plant division was still behind target which, due to lead times for this type of equipment, means that the outcome for 2019 is now largely determined. However, Claudius Peters' aerospace division is expected to increase cadence in the second half, and improving order intake for plant machinery in the second half, is expected to result in a healthy order backlog going into 2020.

Manroland Sheetfed, our German printing press producer, had a relatively poor first half, due largely to lack of volume as a result of aggressive competitor price pressure. I have given leave for the company to respond and as Manroland is far leaner than its competitors, burdened by neither bloated cost structures or exorbitant finance costs, I am confident that volumes will be more than regained in the second half.

In the Other Businesses division, Clarke Chapman and Reader Cement Products both put in particularly strong first halves and the division result overall was satisfactory, lifted significantly by the re-evaluation of investment properties in CPVA, the group's principal property company, on the strength of tenancies to the German government.

In May the search for a suitable acquisition finally bore fruit with the purchase of Marelli Motori, the Italian motor and generator manufacturer. The business, which produces from its factories in Italy and Malaysia, scored highly against our acquisition criteria, one of which is that the target business is underperforming.

Marelli has suffered in recent years, particularly from a down-turn in investment in the oil & gas marine sector and from price pressure at the commodity end of its business. However, commodity manufacture was transferred to the company's Malaysian facility earlier this year, leaving the Italian operation to concentrate on the larger and more complex custom builds. Unfortunately when this was implemented under previous, now removed, management the indirect costs in Italy were not properly addressed and this, combined with malaise in demand from the oil & gas marine sector, has caused the business to languish somewhat. Under our stewardship, the cost structure is being addressed and there are already signs of recovery in Marelli's marine oil & gas market. Although the measures which are being taken right now will not result in a significant contribution in this year, they will be fully executed by the year end and 2020 should see the new division contributing positively to the group result.

The Marelli Motori facility in Arzignano, northern Italy. The company also produces in Malaysia.

In conclusion to this half-year review of our businesses, despite the overall trading for the first six months of 2019 being at a low we have not seen for some years, the slowdown was to be expected after several years of successively record profits with orders on hand standing at €297.3 million compared with €208.4 million at 31 December 2018, the second half and beyond is looking much more positive, although I do not anticipate a return any time soon to the heady performance enjoyed in recent years. Together with the acquisition of Marelli Motori the group is now effectively pressing the reset button for the next phase of its development.

Anthony J Langley
Chairman
31st July 2019

Consolidated Income Statement

6 Months ended 30 June 2019

	Actual Year Ended 31 December 2018 €´000	Actual 6 months to 30 June 2019 €´000	Forecast Year Ending 31 December 2019 €´000
REVENUE	848,387	358,104	904,995
Cost of Sales	(561,175)	(233,941)	(624,209)
GROSS PROFIT	287,212	124,163	280,786
Net operating expenses	(186,092)	(100,950)	(213,748)
OPERATING PROFIT BEFORE NON-RECURRING ITEMS	101,120	23,213	67,038
NON-RECURRING ITEMS	0	(4,659)	(4,659)
OPERATING PROFIT	101,120	18,554	62,379
Finance income	2,443	1,609	2,675
Finance costs	(43)	(39)	(117)
PROFIT BEFORE TAXATION	**103,520**	**20,124**	**64,907**
Income tax expense	(29,699)	(6,734)	(17,777)
PROFIT FOR THE PERIOD	**73,821**	**13,390**	**47,130**

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Consolidated Statement of Financial Position

As at 30 June 2019

	Actual 31 December 2018 €´000	Actual 30 June 2019 €´000	Forecast 31 December 2019 €´000
NON-CURRENT ASSETS			
Intangible assets	2,920	5,277	5,121
Property, plant and equipment	183,056	223,637	223,265
Investments	14	14	14
Investment properties	17,676	29,643	29,643
Trade and other receivables	2,724	1,831	1,813
Deferred income tax assets	15,183	20,348	25,064
	221,573	**280,750**	**284,920**
CURRENT ASSETS			
Inventories	166,594	230,254	210,145
Trade and other receivables	165,540	188,396	190,558
Cash and cash equivalents	379,541	230,098	267,837
Current income tax recoverable	7,622	6,525	6,799
Assets held for sale	16,782	16,782	16,782
	736,079	**672,055**	**692,121**
CURRENT LIABILITIES			
Current portion of long term borrowings	39	1,379	1,380
Current income tax liabilities	8,351	712	6,417
Trade and other payables	166,409	229,854	217,206
Provisions	17,820	19,946	17,678
	192,619	**251,891**	**242,681**
NET CURRENT ASSETS	**543,460**	**420,163**	**449,440**
Total assets less current liabilities	765,033	700,913	734,361
NON-CURRENT LIABILITIES			
Provisions	1,775	1,540	1,459
Long term borrowings	-	28	28
Trade and other payables	11,333	11,427	11,589
Retirement benefit obligations	11,400	13,972	14,081
Deferred income tax liabilities	17,921	24,984	24,793
	42,429	**51,951**	**51,950**
NET ASSETS	**722,604**	**648,962**	**682,411**
EQUITY			
Share capital	71,227	71,227	71,227
Merger reserve	4,491	4,491	4,491
Revaluation reserve	9,315	9,315	9,315
Retained earnings	637,571	563,929	597,378
TOTAL EQUITY	**722,604**	**648,962**	**682,411**

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Reconciliation of Retained Earnings

6 Months ended 30 June 2019

	Actual 6 months to 30 June 2019 €'000	Forecast Year Ending 31 December 2019 €'000
At 1 January 2019	637,571	637,571
Current profit for the period	13,390	47,130
Currency exchange difference arising on retranslation	2,968	2,677
Dividend paid	(90,000)	(90,000)
TOTAL RETAINED EARNINGS AT PERIOD END	**563,929**	**597,378**

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