LANGLEY

2023

Langley Holdings plc

INTERIM TRADING STATEMENT

6 MONTHS ENDED 30 JUNE, 2023

World-class engineering solutions for world-class clients, building mutually beneficial long-term relationships.

Back on home waters. The group's TP52 *Gladiator Sailing Team* dominated the big boat class in the British IRC National Championships, winning 6 of the 8 races held over 3 days in June. The team is also competing in the TP52 Super Series, the world's premier monohull yacht racing circuit, being held in the Med. So far this season the *Gladiators* have podiumed 3rd in St Tropez and 3rd in Mahon. 11 boats from 7 different nations are competing in the 2023 series. Next up, in August, the Rolex TP52 World Championship, in Barcelona. The TP52 Super Series concludes in Puerto Portals, Mallorca, in September.

In common with Langley businesses, TP52 yacht racing represents the very best technology in its field, attracts talented people dedicated to achieving excellence and is conducted with the highest standards of integrity.

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Principal Divisions

18
Manufacturing Sites

90+
Subsidiaries

Over
5,000
Employees

Company Information

6 months ended June 2023

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REGISTERED OFFICE:	Enterprise Way Retford Nottinghamshire DN22 7HH United Kingdom
REGISTERED IN ENGLAND NUMBER:	1321615
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Key Highlights

6 months ended June 2023

	Actual 6 Months to 30 June 2022 €´000	Actual 6 Months to 30 June 2023 €´000	Forecast Year Ending 31 December 2023 €´000
REVENUE	542.6	583.6	1,274.3
OPERATING PROFIT	20.7	51.1	122.5
PRE TAX PROFIT	20.5	52.2	125.3
NET ASSETS	844.4	873.4	926.0
NET CASH	254.8	248.4	270.7
ORDERS ON HAND	927.3	927.8	1,138.2
	No.	**No.**	**No.**
EMPLOYEES	5,315	5,198	5,289

Chairman's Review

6 months ended June 2023

In the six months to 30 June 2023, the group posted a Profit Before Tax (PBT) of €52.2 million on revenues of €583.6 million. This compares with €20.5 million for the same period last year on revenues of €542.6 million.

At 30 June consolidated net cash stood at €248.4 million (June 2022: €254.8 million) and net assets at €873.4 million (June 2022: €844.4 million). There were no shareholder dividends in the period. Orders on hand at the period end were €927.8 million (June 2022: €927.3 million).

...PBT of €52.2 million – a new first half record.

The six months to 30th June 2023 saw the group continue its post-pandemic recovery, reporting a PBT of €52.2 million in the period – a new record for a first half trading.

The effects of margin erosion due to unprecedented cost escalation, Covid absenteeism, supply chain disruption and war in the Ukraine – all of which weighed heavily on the group in 2022 – are now much diminished. As the pandemic becomes a distant memory, all remaining restrictions across our businesses were finally removed and Covid absenteeism, which hit its peak a year ago, continued to fall and supply chain issues continued to improve. Slowly but surely, our businesses are returning to normal.

"Slowly but surely, our businesses are returning to normal."

Power Solutions

Bergen Engines group, headquartered in Bergen, Norway, which produces medium-speed combustion engines and generator sets for the marine sector and complete power plants on land, saw the benefit of reorganisation measures implemented in 2022, following our acquisition of the business from Rolls-Royce in December 2021. With the full benefit of those measures coming through this year, Bergen's first half was very positive and a major turnaround of the business.

February 2023. The research vessel Laura Bassi, powered by Bergen engines, arrives at the most southerly point in Antarctica ever reached by ship.

Piller Power Systems group, our German electrical power conditioning and stabilisation business, was behind its revenue and consequently profit target at the half way. Order intake to June though was in line with budget, with demand for Piller products remaining strong – notably from the semiconductor sector. The business is expected to catch up in the second half and Piller is forecasting near-record revenues and PBT for the full year. **Active Power**, the Austin TX producer of equipment at the lower end of Piller's power range and its products distributed outside of the USA via Piller's international subsidiaries, was on target at the half way and should comfortably exceed its budget for the year.

Marelli Motori group, the Italian electric motor and generator producer, continued to progress in the right direction but margins remain under pressure in what is a highly price sensitive market for Marelli's standard products. Despite this, the business made a positive contribution in the first half, exceeding its budget. The company continues to invest in both productivity and product development, including optimisation of its largest generators with the Bergen Engines range and is currently examining part manufacture of Piller products to alleviate potential production bottlenecks in Germany.

During the period the Power Solutions Division companies came together to launch "The Power of 10", a modular Microgrid power solution incorporating 10MW Bergen engines, Marelli generators & Piller power conditioning technology, for rapid deployment of power at scale. Gas fired and hydrogen ready, The Power of 10 is central to the group's net zero strategy.

"The Power of 10". A modular Microgrid power solution incorporating 10MW Bergen engines, Marelli generators & Piller power conditioning technology for rapid deployment of power at scale.

"...The Power of 10 is central to the group's net zero strategy."

In 2023 the Power Solutions Division will account for around half of the group's forecast €1.3 billion revenues and two thirds of its forecast €125 million PBT. Piller is currently the largest contributor to the profits of the division and of the group. Bergen Engines, post-acquisition reorganisation behind it, is rapidly catching up.

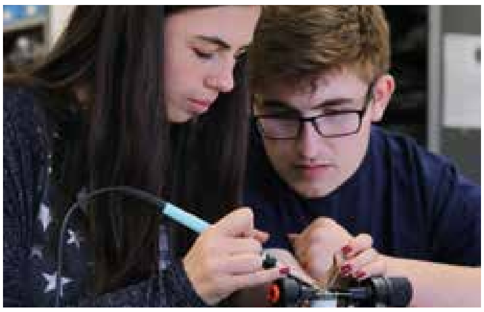
"Piller is the largest contributor to the profits of the division and of the group. Bergen Engines is rapidly catching up."

Print Technologies

Manroland Sheetfed group, the German sheetfed printing press producer, hardest hit of all our businesses by the pandemic, underwent post-pandemic streamlining of its headquarters production workforce in the period. 140 positions, mostly indirect workers from the near 900 German workforce, were eliminated, mostly voluntarily. Globally the company employs around 1,500 and the Market Organisation, comprising around forty sales and service subsidiaries worldwide, made a positive contribution overall. Provision for the factory reorganisation was made in 2022 and the measures implemented in the first half. The benefits of those measures in the six months to June were fairly minimal and the second half will benefit from a larger proportion of the rationalisation, although the full effect will not be seen until 2024.

The Manroland factory in Offenbach, Germany: 900 workforce reduced by 140 but keeping up apprentice intake. The company employs around 1500 worldwide.

Meanwhile, apprentice training continues unabated to meet long term skill requirements and in April the company opened its doors on Girls Day, a nationwide initiative in Germany to introduce 12-16 year old girls to career possibilities in manufacturing.



14 year old Nina tries her hand at soldering under the watchful eye of a Manroland apprentice during Girls Day in April.

Chairman's Review (continued)

6 months ended June 2023

Druck Chemie group, our German print chemicals producer and distribution group, had a very strong first half, making its full year target in the first six months, buoyed by a further small bolt-on acquisition to the Belgian BluePrint business acquired in 2021. In all a very satisfactory first half result for Druck Chemie group and a positive outlook for the full year.

The print sector continues to face monumental challenges due to dwindling demand for traditional printed media. However, demand for packaging print and other areas are increasing strongly and our Print Technologies Division businesses, both part of the very fabric of the printing industry, are adapting and rising to the challenges.

"...part of the very fabric of the printing industry
...adapting and rising to the challenges."

Other Industrials

The Other Industrials division performed profitably in the period, broadly in line with expectations.

Claudius Peters group, which suffered badly from margin erosion in 2021/22, caught out by rising costs on long lead contracts, had worked through those contracts by mid 2023 and the business contributed positively once again. The second half is expected to see the recovery continue. Claudius Peters' aerospace division, a separate operation which has manufactured stringers (the longitudinal sections that give an aircraft fuselage rigidity) for Airbus since the 1980's, performed in line with its budget and is expected to do so for the full year.

ARO Welding Technologies group, our French automotive welding machinery producer, had a good first half and is expected to exceed its budget for the full year. The group had an excellent half-year in the USA, where ARO also manufactures, and together with the European business, more than made up for below par performance in China.

Bradman Lake group, the UK based food packaging machinery business, achieved its budgeted profit for the year by the end of June. With around half of its revenues still to come, Bradman Lake is set to have a very good year.

Clarke Chapman group, the specialist materials handler, was just shy of its target for the first half but with more than 60% of revenues still to come in the second half, is expected to catch up and achieve target by year end.

Reader Cement Products continued its progression in the period and the go-ahead was given in June to install a second packing line that will all but double capacity when it comes on line in 2024.

In all a good performance by the Other Industrials Division in the first half, more to come in the second.

"...a good performance by the other industrials division
in the first half, more to come in the second."

Commercial Property Activities

The group owns a substantial commercial property holding extending to over 1 million square metres (approximately 11 million square feet) of factory, warehousing and office accommodation. The majority is occupied by our trading subsidiaries and over 95% of the group's manufacturing footprint is owned by group entities.

"...over 1 million square metres (approximately 11 million square feet) of factory, warehousing and office accommodation."

Aside to this, the former Manroland AG headquarters and other surplus buildings are now leased to the Bundespolizei (BPOL), the German Federal Police Authority, following a four-year refurbishment and conversion to a police training academy.

Surplus land adjacent to Clarke Chapman's Gateshead factory, in the north east of England, has been developed as light industrial / warehousing, also to let. In 2020 the UK's National Health Service (NHS) took a lease on a portion of the Gateshead estate and created a Containment Level III (CL3) Covid testing laboratory. After two years and eight million tests, the laboratory was no longer required and during the period terms were agreed with the NHS to surrender the lease. The complex is currently being marketed internationally as a life-sciences facility.

Former NHS Covid testing laboratory at Gateshead, in the northeast of England. Now being marketed internationally as a Containment Level III (CL3) life-sciences facility.

Conclusion & Outlook

In conclusion the group's performance in the first half of 2023 was very satisfactory. The outlook for the year is also very positive and with around €930 million of order backlog at 30th June, the forecast full year PBT of €125 million on €1.3 billion revenue is realistically achievable.

Once again, I commend the hard work, dedication and commitment of our management and workforce, today numbering over 5,000 worldwide, that make the group's success possible.

Anthony J Langley
Chairman
27th July, 2023

"...with around €930 million of order backlog at 30th June, the forecast full year PBT of €125 million on €1.3 billion revenue is realistically achievable."

Consolidated Income Statement

6 months ended June 2023

	Actual 6 Months to 30 June 2022 €´000	Actual 6 Months to 30 June 2023 €´000	Forecast Year Ending 31 December 2023 €´000
REVENUE	542,644	583,649	1,274,265
Cost of Sales	(376,638)	(385,369)	(856,002)
GROSS PROFIT	166,006	198,280	418,263
Net operating expenses	(145,317)	(147,223)	(295,773)
OPERATING PROFIT	20,689	51,057	122,490
Finance income	153	1,381	3,230
Finance costs	(333)	(205)	(416)
PROFIT BEFORE TAXATION	**20,509**	**52,233**	**125,304**
Income tax expense	(5,093)	(14,625)	(35,085)
PROFIT FOR THE PERIOD	**15,416**	**37,608**	**90,219**

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

Consolidated Statement of Financial Position

6 months ended June 2023

	Actual 30 June 2022 €´000	Actual 30 June 2023 €´000	Forecast 31 December 2023 €´000
NON-CURRENT ASSETS			
Intangible assets	18,370	16,548	14,890
Property, plant and equipment	296,971	294,024	302,835
Investments	14	14	14
Investments properties	62,576	62,576	62,576
Trade and other receivables	4,924	1,752	1,593
Deferred income tax assets	32,526	31,835	31,607
	415,381	**406,749**	**413,515**
CURRENT ASSETS			
Inventories	434,999	447,997	445,028
Trade and other receivables	274,766	294,802	296,549
Cash and cash equivalents	240,901	248,526	270,723
Current income tax recoverable	5,857	6,729	6,742
	956,523	**998,054**	**1,019,042**
CURRENT LIABILITIES			
Current portion of long term borrowings	62	31	67
Current income tax liabilities	8,490	10,278	18,001
Trade and other payables	397,382	397,592	371,556
Provisions	26,787	24,011	25,177
	432,721	**431,912**	**414,801**
NET CURRENT ASSETS	**523,802**	**566,142**	**604,241**
Total assets less current liabilities	**939,183**	**972,891**	**1,017,756**
NON-CURRENT LIABILITIES			
Provisions	10,651	6,061	597
Long term borrowings	62	67	0
Trade and other payables	29,579	38,629	36,678
Retirement benefit obligations	12,288	12,385	13,100
Non-current income tax liabilities	131	0	0
Deferred income tax liabilities	42,234	42,362	41,383
	94,945	**99,504**	**91,758**
NET ASSETS	**844,238**	**873,387**	**925,998**
EQUITY			
Share capital	71,227	71,227	71,227
Merger reserve	4,491	4,491	4,491
Retained earnings	768,520	797,669	850,280
TOTAL EQUITY	**844,238**	**873,387**	**925,998**

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Reconciliation of Retained Earnings

6 months ended June 2023

	Actual 6 Months to 30 June 2023 €´000	Forecast Year Ending 31 December 2023 €´000
At 1 January 2023	768,520	768,520
Current profit for the period	37,608	90,219
Currency exchange difference arising on retranslation	(8,459)	(8,459)
Dividend paid	0	0
TOTAL RETAINED EARNINGS AT PERIOD END	**797,669**	**850,280**

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