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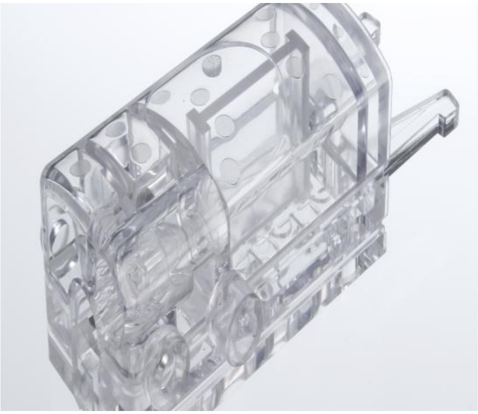
Results for half year ended 30 September 2014



Presentation to Analysts 18 November 2014

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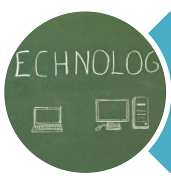
Carclo is a leading global manufacturer of fine tolerance parts for the Medical, Industrial, Aerospace and Luxury and Supercar Lighting markets

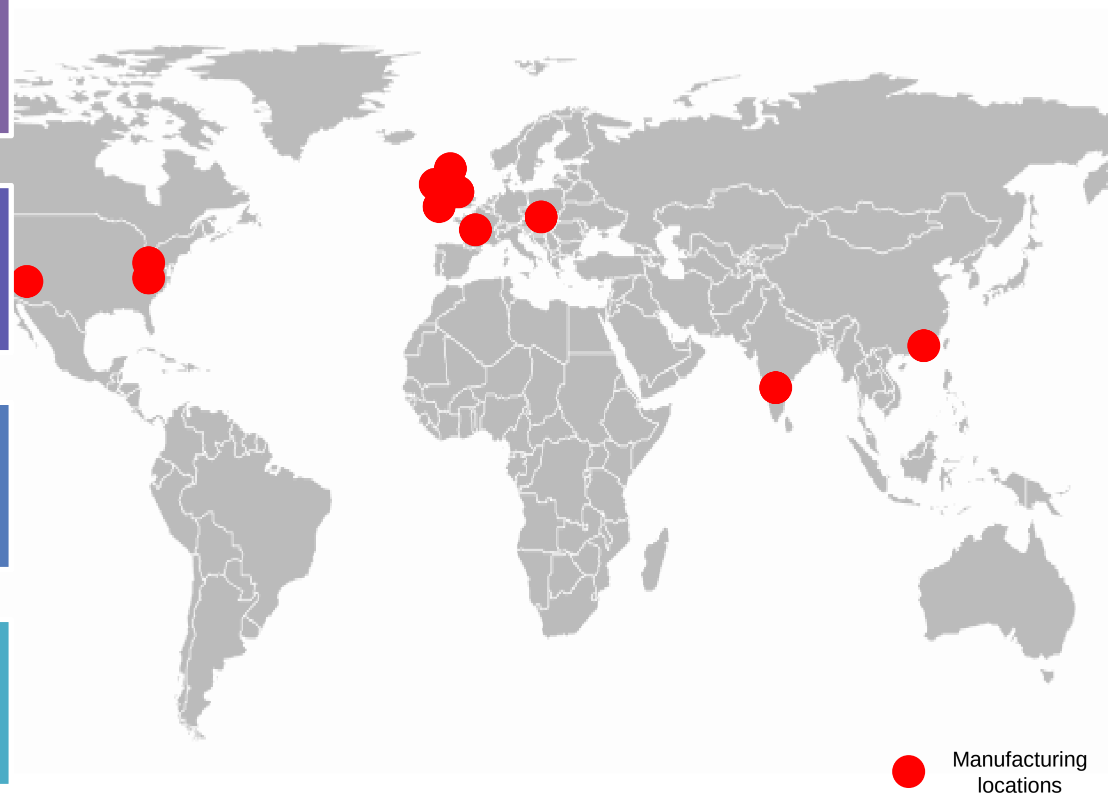
Global contract manufacturer to medical market

Leading designer and manufacturer for Luxury and Supercar LED Lighting

Leading supplier of control cables in Europe



Investing in complementary new technologies



Strong revenue and profit growth across principal divisions

Highlights

HALF YEAR RESULTS

- **Strong growth across key Technical Plastics and LED operations**
- **Strategic review of CIT Technology business underway**

FINANCIAL HIGHLIGHTS

- **Revenue growth of 7.4% to £48.8m (6.8% excluding CIT)**
- **Operating profit excluding CIT up by 29.7%**
- **Underlying profit before tax up to £2.3m from £2.1m**
- **CIT impairment £21.3m**
- **Other exceptional cost of £2.2m being closure of CTP Harthill factory**
- **Loss before tax £21.2m**

OPERATIONAL HIGHLIGHTS

- **Technical Plastics expansion in USA and Czech completed, China expansion underway, new key medical clients**
- **4 new design wins in LED support strong growth expectations**
- **Diagnostics investment gaining momentum**
- **Precision Engineering profit improved against prior year levels**

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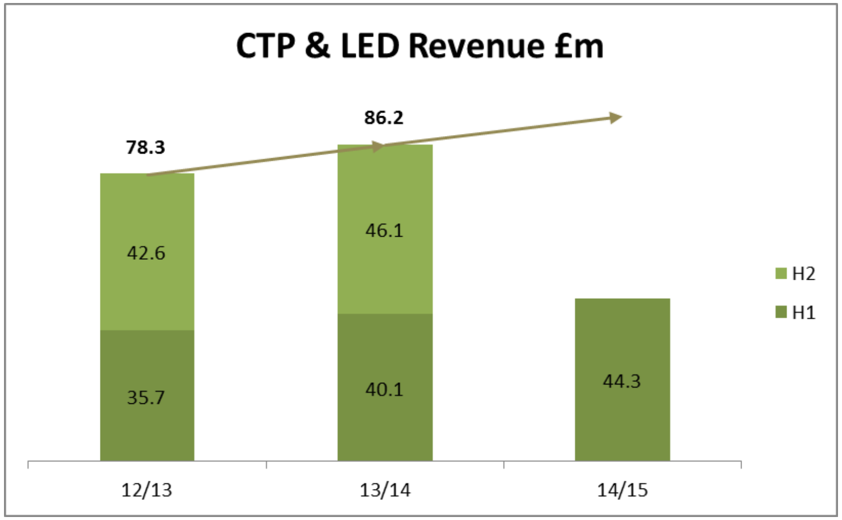
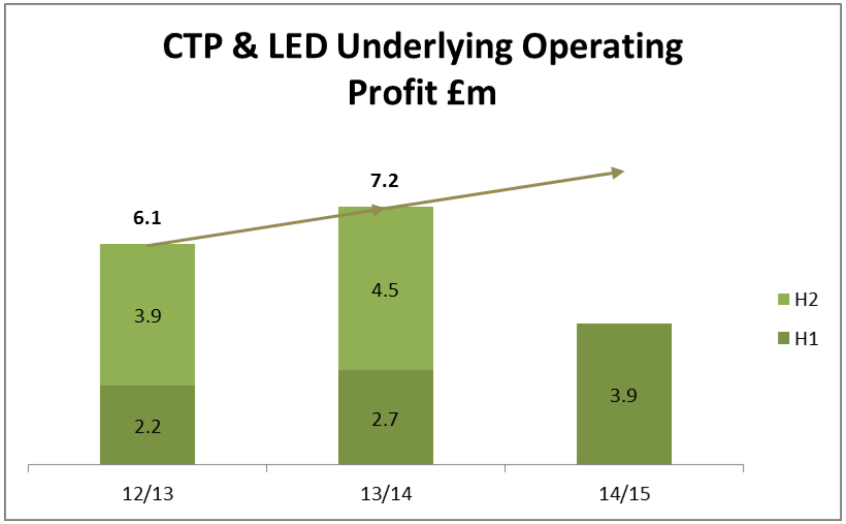
CTP and LED divisions drive strong group performance





Revenue Initiatives

- Expanded CTP sales resources
- Implemented standardised CTP global systems
- Factory expansions in key markets
- Investment in world class Wipac facility

Margin Initiatives

- Closed loss making Harthill facility
- Increased equipment utilisation
- Medical focus through cleanroom investments
- Lean manufacturing initiatives

CIT Strategic Review

- Increased pressure on touch sensor pricing
- Aggressive competition from two key Asian metal mesh suppliers
- ITO sensor prices and low cost ITO solutions limiting growth of metal mesh
- Touch sensor module manufacturers in unstable position
- Business model results in margin sharing and is uncompetitive
- Various strategy options under consideration in conjunction with external advisors
- Partnership obligations complex and influence strategy direction
- Printed Electronics strategy has strong linkage to Touch outcome due to shared technology (FLT), capabilities and resources
- Impairment review has resulted in £21.3m write down in CIT investment to £5.3m

Strategy review on track to be completed by year end

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Financial Highlights

	Six months ended 30 September 2014 £000	Six months ended 30 September 2013 £000
Revenue		
Technical Plastics	29,995	28,026
LED Technologies	14,340	12,111
Precision Engineering	2,719	3,923
CIT Technology	1,742	1,374
Total	**48,786**	**45,434**
Operating profit before exceptional items	**2,570**	**2,780**
Operating (loss) / profit	**(20,929)**	**2,388**
Underlying profit before tax	**2,265**	**2,148**
(Loss) / profit before tax	**(21,234)**	**1,756**
Basic earnings per share	**(31.7p)**	**2.0p**
Underlying earnings per share	**2.5p**	**2.5p**
Interim dividend per share	**0.85p**	**0.85p**
Net debt	**22,428**	**14,345**

Divisional Analysis

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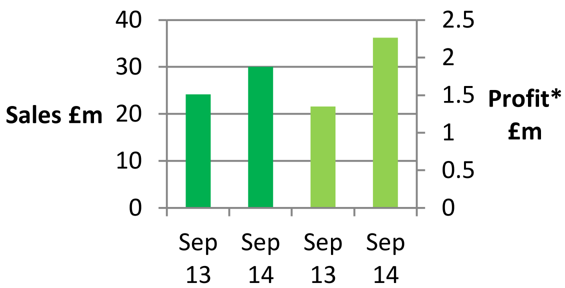
CTP

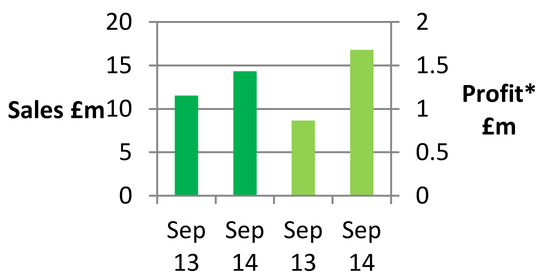


Revenue change +7%

Operating profit* +31%

- Strong sales growth in USA, Czech and China regions
- Improved press utilisation
- 4 new global medical customers

LED

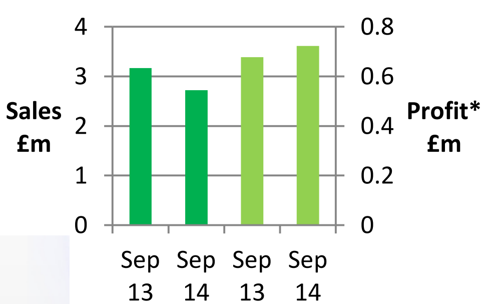


Revenue change +18%

Operating profit* +82%

- First design & development revenue from new supercar projects
- Four further programme wins increase future growth prospects
- First commercial adoption of proprietary Hyperlite™ LED module

PE – AERO**



Revenue change -13%

Operating profit* +6%

- New project win from leading OEM
- Expanded product capability with new equipment investment

*Underlying operating profit **Adjusted for Birkett Cutmaster disposal

Income Statement Comparative

Revenue	**48.8**	45.4
Operating profit		
Divisional operating profit	**3.6**	3.4
Central costs	**(1.0)**	(0.6)
Underlying operating profit from continuing operations	**2.6**	2.8
Exceptional Items	**(23.5)**	(0.4)
Operating (loss) / profit	**(20.9)**	2.4
Net financing charge	**(0.3)**	(0.6)
(Loss) / profit before tax	**(21.2)**	1.8
Income tax credit / (expense)	**0.2**	(0.5)
Loss on discontinued operations, net of tax	**(0.0)**	(0.0)
(Loss) / profit for the period	**(21.0)**	1.3
Of which attributable to:		
Non-controlling interests	***(0.0)***	*(0.0)*
Equity holders of the parent	***(21.0)***	*1.3*
	(21.0)	*1.3*
Basic earnings per share	***(31.7p)***	*2.0p*
Underlying earnings per share	***2.5p***	*2.5p*

- Group turnover from continuing operations increased 7% to £48.8 million
- Divisional operating profit increased 8% to £3.6million (and 39% to £4.7m excl. CIT)
- Underlying operating profit of £2.6 million is below prior year due to CIT losses and higher central costs
- Loss before tax of £21.2 million due to £21.3 million write down at CIT and rationalisation costs of £2.2 million in Technical Plastics
- Underlying tax charge of 27% due to a greater proportion of taxable profits being generated in high tax countries
- Underlying earnings per share in line with prior year at 2.5p
- Interim dividend held at 0.85 pence per share

Exceptional Costs

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
Impairment review of CIT Technology	(21.3)	-
Harthill rationalisation costs	(2.2)	-
Litigation costs	-	(0.4)
Total	**(23.5)**	**(0.4)**

Impairment review of CIT Technology

£21.3m impairment loss has been recognised; allocated £0.9m to goodwill, £15.0m to patents and development costs and £5.4m to property, plant and equipment, leaving carrying values of nil, £5.0m and £0.3m respectively

Rationalisation costs

The current period closure of CTP Harthill prompted an impairment review with £2.2m rationalisation costs recognised including a £0.8m provision for the remainder of the expected costs

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Financial Position – Cash Flow

	£million	£million
Net debt at start of period		**(17.7)**
Underlying cash from operations	5.3	
Exceptional cash flows	(0.5)	
Working capital	(4.5)	
Interest and tax	(0.7)	
Net capital expenditure	(3.3)	
Free cash flow	**(3.7)**	
Additional pension contributions	-	
Non-recurring cash flows	-	
Performance share plan awards	-	
Proceeds from share transactions	0.1	
Equity dividends	(0.6)	
Cash flow from corporate activities	**(0.5)**	
Development expenditure	(0.8)	
Acquisitions and disposals	-	
Exchange movement	0.3	
Movement in net debt		**(4.7)**
Net debt at end of period		**(22.4)**

- Cash generation from operations of £5.3 million
- Increase in working capital mainly due to unwind of $10 million Atmel prepayment & increased sub contract tooling balances
- Net capital expenditure of £3.3 million due mainly to our US facility expansion and the investment in the Wipac facility in Buckingham
- £0.8 million development expenditure relates to our investment in CDS and CIT Printed Electronics

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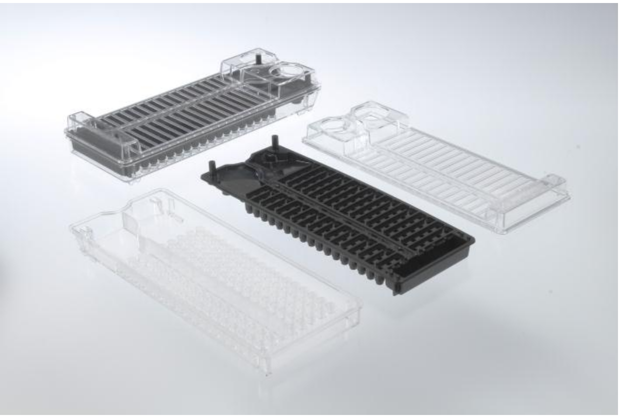
Financial Position – Debt & Facilities

Net Debt

- £22.4 million at 30 September 2014 (gearing of 39.5%, excluding net pension deficit)
- Increase since 31 March 2014 due to planned capital investment programme and unwinding of the $10 million Atmel prepayment
- Expected to peak at around £28 million in the second half of the year and then reduce materially in the subsequent financial year due to increased operating cash generation and a decrease in capital expenditure



Bank Facilities

- £26.0 million of committed facilities and £11.4 million of overdraft facilities which expire in November 2015
- The group continues to have good levels of headroom on its main banking covenants
- Refinancing negotiations commenced - expected completion by the financial year end, on similar terms to existing facilities

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Financial Position – Pensions

Pensions

- IAS 19 pension deficit has increased to £9.5 million net of deferred tax at 30 September 2014, after the group reported a small surplus as at 31 March 2014
- Scheme assets have decreased by £3.5 million since 31 March 2014 and scheme liabilities have increased by £8.6 million due to a material decrease in the corporate bond yield assumption used to discount the liability
- IAS19 financing credit of £5k and scheme administration costs of £0.3 million reflected in the income statement
- Next triennial funding valuation in March 2015.

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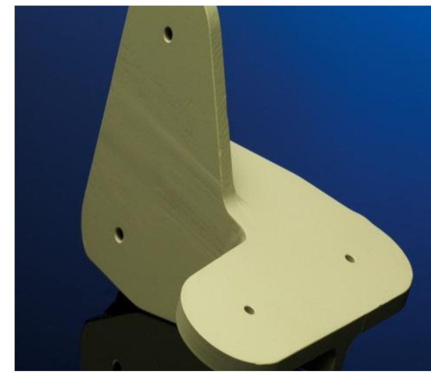
Markets & Strategy Actions

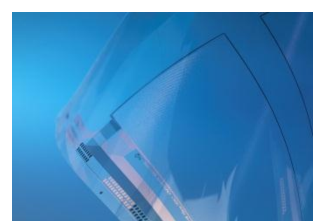
Technical Plastics

LED Technologies



Precision Engineering

CDS



CIT

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Technical Plastics

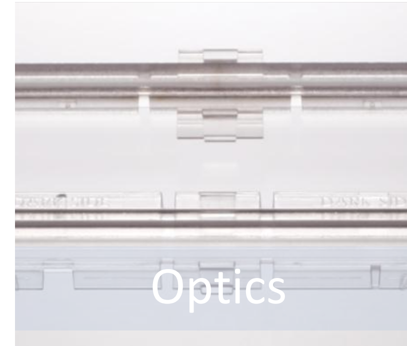
	Sep-14	Sep-13
	£m	£m
Revenue	30.0	28.0
Profit*	2.3	1.7
Margin	7.5%	6.2%

- Technical Plastic sales grew just ahead of medical market growth (6% CAGR Source : Lucintel)
- Commissioned new cleanroom and white manufacturing space in USA and Czech. Chinese expansion underway for fastest growing medical market (16% CAGR Source : Espicom)
- Completed implementation of standard medical procedures system across all operations, significantly enhancing global customer offering
- Expanded sales force and expanded customer reach through four new strategic medical accounts. Improved sales pipeline and closing ratios. Agreed partnership with global customer for Chinese manufacturing
- Closed loss making Harthill operation and successfully relocated profitable work to other facilities

*Underlying operating profit

LED

	Sep-14	Sep-13
	£m	£m
Revenue	14.3	12.1
Profit*	1.7	0.9
Margin	11.7%	7.6%

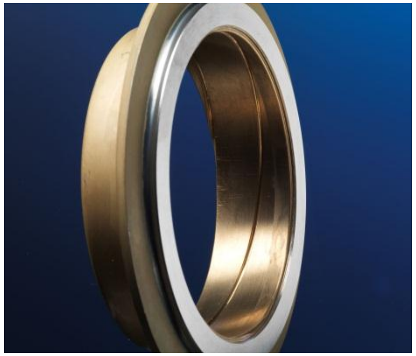


- Front LED headlights now being adopted alongside rear LEDs lamps in this segment
- Size of attainable market increasing through special vehicles / faster replacement cycles / expanded ranges
- Wipac business repositioned to be the leading supplier to the super luxury/supercar segment
- Clear strategy to operate in niche areas where USPs are significantly differentiating
- Continued development of proprietary LED modules
- Investments in manufacturing capability (2 shot moulding / metallisation / UV optical coatings) near completion
- Perceived by customers to be innovators and high value / high quality proposition

*Underlying operating profit

Precision Engineering

	Sep-14	Sep-13†
	£m	£m
Revenue	2.7	3.1
Profit*	0.7	0.7
Margin	26.6%	21.4%



- Divestment of non-core Birkett Cutmaster has created focused Aerospace specialist in UK and France
- Focus of growth in customer service spares business for OEMs and Tier 1s
- Core aircraft control business remains highly profitable
- Careful investment in latest manufacturing equipment to expand spares capability
- Secured replacement business for previous years "One-time" spares contract
- Continues to be a high margin, high cash generation business

*Underlying operating profit †Prior year numbers adjusted to reflect disposal of Birkett Cutmaster

CIT Technology

- CIT generated coated film sales of £1.7 million in the first half
- £1.0 million underlying operating loss due to increased amortisation and reduced capitalisation of development costs versus last year
- Product innovation continued which has benefitted supply chain efficiencies
- Technology enhancements continued to drive yield improvements through supply chain
- Opportunities outside of Touch being developed through customer programmes and device demonstrators

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Diagnostic Solutions

- Overall programme has continued on-time against 31st March 2014 plan
- New leadership team in place with relevant medical diagnostic industry expertise
- Significant progress on fundamental microfluidic designs required for high sensitivity device
- Market feedback continues to support a Point-of-Care quantitative test
- Core CIT R&D team transferred to CDS to fast track platform optimisation
- Transitioned business to "Gate" approach with full documentary support
- Recent media reports have leant significant weight to the inclusion of an Infectious Disease test (CRP) as a key development

		Coag CAT	*pi-GST Pro*	*CRP CAT*	*Troponin-I Pro*
Phase 1	Prepare Product Definition Document Develop prototype assay			Q4' 2014	Q1' 2015
Phase 2	Optimisation of assay and device, R&D scale Performance evaluation	Q3' 2014	Q1' 2014	Q3' 2015	Q1' 2016
Phase 3	Scale-up device and reagent manufacturing process Performance assessment	Q2' 2015	Q1' 2015	Q1' 2016	Q3' 2016
Commercial Partnership		Q3' 2015	Q2' 2015	Q2' 2016	Q4' 2016
Phase 4	Validation Verification				
Phase 5	Regulatory submissions Launch activities	12-months	12-months	12-months	12-months

Outlook

- The group's two main manufacturing divisions have produced excellent results in the first half of the year and both Technical Plastics and LED Technologies are expected to enjoy an even stronger second half.

- The increase in global medical markets and new customer wins and expanded capacity in Technical Plastics underpin the good growth prospects in this division. China has become the fastest growing consumer market for medical devices and as such we are investing in an expanded cleanroom facility. This, underpinned by the partnership with a global US based medical company, leaves us well positioned for considerable future growth in this market.

- Investment in the Wipac facility and further programme wins will enable the LED Technologies division to exceed the previous growth expectations. Wipac has been increasingly successful at developing strong partnerships across a range of key premium automotive customers. These relationships are resulting in technology alignments which will be both beneficial to our customers and drive further future growth in our business.

- The strategic review of the CIT business is underway and we expect to conclude this process by the end of the current financial year.

- We have continued to make excellent technical progress with CDS's innovative Micropoc platform development.

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End

Forward looking statements - Certain statements made in this presentation are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events to differ materially from any expected future events or results referred to in these forward looking statements.