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CARCLO

Business Overview

Equity Development Forum 21 June 2017

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

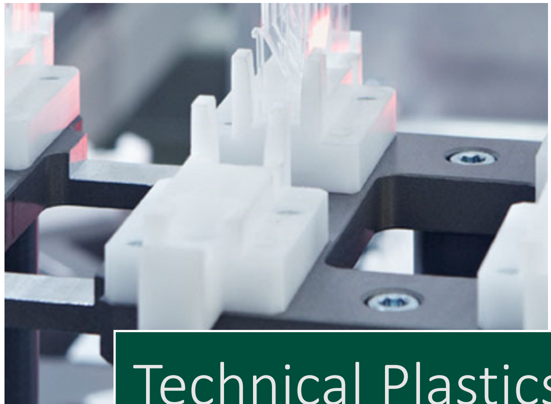
Leading designer and manufacturer of luxury and supercar LED Lighting

Leading supplier of aviation control cables in Europe

Strategy to expand manufacturing capabilities to further drive value

What we do…

- Three divisions,
  - CTP injection moulds technical parts in 8 sites across the world mainly to supply "disposables" to large medical device companies – Revenues £88M
  - LED, through Wipac, design, injection mould and assemble complete light units for low volume premium cars from a single UK site – Revenues £43M
  - Aero manufactures cables and components for the European aircraft market from UK and France – Revenues £7M



Technical Plastics

LED Technologies

Aerospace

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Strategy to expand manufacturing capabilities to further drive value

- Group revenues are growing at CAGR >12%
- End Markets are growing in main divisions and these markets are very large
- Investing in growth leverages overhead base where there are limited pricing opportunities
- Growth utilises our strong technical and management skill base
- Organic growth mitigates risk of growing through acquisition as all expansion investments are underpinned by Customer projects due to long product development time periods
- Current strategy builds high future demand visibility due to the complexity of our manufacturing processes and the product validations - once customers are committed to the early phases, projects rarely shift

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Highlights of recent results (FY March 2017)

- Group revenue increased by 16.2% to £138.3 million (2016 - £119.0 million), reflecting excellent sales progression across our businesses (10% growth at constant currency)
- Underlying operating profit increased by 24.6% to £12.5 million with underlying operating margin increasing 60 bps to 9.0%
- Underlying profit before tax increased by 25.9% to £11.0 million (2016 - £8.8million)
- Basic underlying EPS increased by 19.8% to 12.1p (2016 – 10.1p)
- Completed acquisition of Precision Tool and Die for £4.6million and FLTC for £1million

Financial Position – Pensions

- Materially decreased corporate bond yields post EU Referendum impacted IAS19 pension liability
- Scheme assets have increased by £3.2 million and scheme liabilities have increased by £12.5 million
- IAS19 financing expense of £0.8 million and scheme administration costs of £0.6 million reflected in the income statement

	2017	2016
Defined benefit obligation at the end of the year	£209.4 million	£196.9 million
Fair value of scheme assets at the end of the year	£176.9 million	£173.7 million
Net liability for defined benefit obligations at the end of the year	£32.5 million	£23.2 million
Net liability for defined benefit obligations at the end of the year net of related deferred tax	£27.0 million	£18.9 million
Discount rate at 31 March	2.60%	3.50%

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Financial Position – Dividends

- On 31 August 2016 the Group announced that subsequent to the EU Referendum result on 23 June, there had been a sharp reduction in the corporate bond yield used to discount the Group's pension liability under IAS 19
- Resulted in a significant increase in the Group's pension deficit as at 30 September 2016, extinguishing the Company's distributable reserves
- Since 30 September 2016, corporate bond yields increased modestly contributing to a reduction in the Group's IAS19 net deficit of £14.3 million, with a resulting positive impact on the Company's reserves
- Measures have been taken to distribute reserves from UK subsidiaries which involved a number of capital reduction exercises relating to those subsidiaries' transition to FRS 101
- At 31 March 2017, the Company's reserves were £22.4 million (2016 - £7.9 million)
- The Board recognises the need to reward shareholders and for them to participate in the growing profitability of the business and it intends to recommence dividend payments in the 2018/19 financial year provided that the level of distributable reserves is sufficient such that a sustainable and regular dividend can be reintroduced

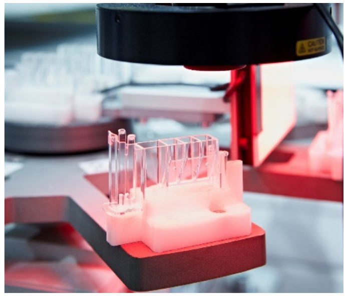
Markets and USPs

- Medical Device Market worth £ 25bn and growing at 10% CAGR
- CTP offers global presence to support customer base
- Already working with 10 of top 20 leading Medical Device customers
- Managing complex tooling and automation design programmes for key customers
- Once validated there are significant costs associated with moving work to competitors
- Manufacturing parts in very high volume (sometimes > 1bn components pa) utilising high cavity injection moulding techniques
- Running standardised quality and general IT systems across all sites – simplifying customer audits and validations
- Mission is to be more nimble and more pro-active than larger competitors

CTP Division evolution

- Originally a trade moulder of automotive and general components
- CTP formed mainly through historic acquisitions
- Current management team began reshaping towards medical industry around ten years ago
  - Medical work offered longevity
  - Forward visibility and growth
  - Opportunities to expand skill base and create differentiation
- Today medical work represents 73% of CTP business and is growing
- Currently working on enhancing medical skills and capabilities at Czech location to meet growing demand for Eastern European production for this market
- Significant investments have been made across our facilities for white room/clean room expansions as well as new state of the art production equipment for capacity increases (all investments follow customer programme awards and are not speculative)

Technical Plastics



	Mar-17	Mar-16
	£m	£m
Revenue	87.8	70.5
Profit*	8.7	6.2
Margin	9.9%	8.8%

- Turnover increased 24.6% and operating profits up 40.6%. Medium-term 10% target has almost been met (exceeded on constant currency basis) and utilisation is expected to increase further
- PTD extended CTP's reach into a further three of the Top 20 global medical device manufacturers, lifting its coverage to 10 of these manufacturers in total
- Revenue growth strategy supported by expanding capabilities in each of our operations to meet customer needs and to further allow development and delivery of new projects for both existing and new customers
- Further expansions in the UK and India underway for completion later in 2017. All expansions are underpinned by previously awarded customer programmes
- New Taicang facility is operating well, supporting the growth of its main medical customer and beginning to secure new opportunities from from existing and new customers

*Underlying operating profit

CTP into the future

- Growth opportunities continue
  - Good growth from existing programmes
  - Leveraging existing customer base for new products
  - PTD acquisition provides new customers and capabilities
- Invested footprint will support c £120M sales
- Further expansion anticipated in US market
- Operating margins sustainable at a minimum of 10%

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Markets and USPs

- Supercar and Luxury markets growing due to increasing model line ups
- Mid-Volume segment (c 30K vehicles pa) is large and also growing
- Multiple new vehicles launching, electrics, hybrids adding to growth in more traditional space
- Wipac is the only UK supplier of lights and the only European supplier 100% focussed on these markets
- Wipac designs systems to meet the customer need and does not force "standard" components on customers – allowing more design freedom

LED Division evolution

- Wipac began its journey into LED lamps in 1995 with a Cadillac stop lamp
- Wipac now had the largest market share for lights in the Luxury/Supercar market
- Customers include Rolls Royce, Aston Martin, Bentley, McLaren, Lamborghini and Porsche
  - Cars using Wipac lights include Bentley Mulsanne, Bentley Bentayga, Aston Martin DB11 and McLaren 570S
- Wipac has received major investment in Moulding, Coating, Gluing, Laser Welding and Metallisation capabilities and now has a world class capability
- Wipac has now reached into higher volume premium cars (c30K pa) with three awards in the last 18 months. This is set to drive further significant growth in revenues and profits into the future

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LED

	Mar-17	Mar-16
	£m	£m
Revenue	43.4	40.5
Profit	5.9	5.4
Margin	13.6%	13.3%

- Operating profit increased by 9.3%. Performance driven by high level of design and development work in the supercar lighting division and a number of projects entered the manufacturing stage
- Second mid volume lighting programme for a prestigious new hybrid vehicle and existing project grown to mid-volume. Further progress in this segment will drive continued long term growth of revenues and margins
- Unique custom design and technical plastics manufacturing solutions differentiates us from our mainstream competitors
- Successful product launches during the year for customers including Aston Martin and McLaren Automotive.
- Expansion of the main Buckingham, UK site, to be completed late 2017.
- FLTC brings experienced and skilled workforce and a first operational footprint for Wipac within Continental Europe

LED into the future

- **Mid volume cars enter production from late 2018 to end of 2019**
  - In production these vehicles will double the current manufacturing revenues
  - The target is to win a minimum of one car per year (currently running ahead of schedule)
  - Customer appetite for Wipac to operate in this sector remains high
- **Factory expansion now starting to meet demand**
- **Acquired a Czech lighting design company to increase technical resources**
  - Czech acquisition also provide strategic options for longer term manufacturing
  - Also provides a foot in the EU
- **Electric car market has many new entrants and Wipac is well suited to this sector**
  - Volumes match Wipac's normal levels
  - Design concepts are novel and is suited to Wipac's custom design methodologies

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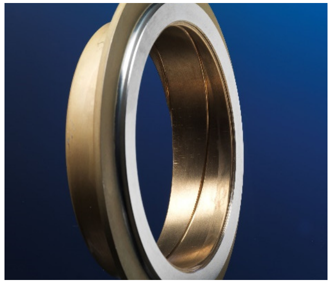
Aerospace

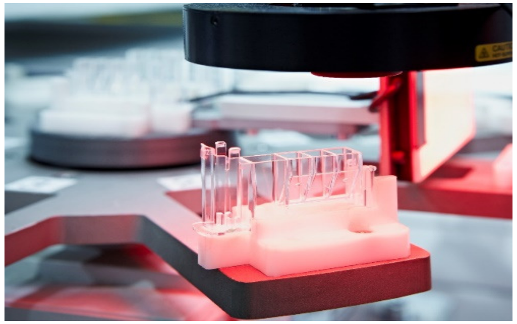




	Mar-17	Mar-16
	£m	£m
Revenue	7.0	6.4
Profit	1.3	1.3
Margin	18.5%	20.8%

- Aerospace business again performed solidly
- Continued diversification of product portfolio into a range of machined components, thus maintaining overall profitability
- Continues to be a high margin, highly cash generative business

Going forward



- Focus on organic expansion of our facilities to grow revenues and to look for small bolt on acquisitions that can accelerate growth and provide additional technical capabilities
- Addition of PTD enhances CTP product offering by adding Prototyping and Toolmaking activities as well as three new global top 20 medical device customers
- Wipac continues to see significant growth opportunities in the low volume luxury and supercar segment and as we establish ourselves in the mid-volume segment we expect a significant step up in the scale of our operations; acquisition of FLTC is key to this strategy

Appendices

Financial Position – Debt & Facilities

Net Debt

- Net debt of £26.0 million at 31 March 2017
- Increased since 31 March 2016 due to continued investment in the Group's manufacturing capacity and higher working capital to support growth
- Additional funds raised from the share placing have been used to reduce net debt and to fund investment plans
- Year end net debt to EBITDA ratio was 1.51x (2016 – 1.77x), bringing the Group very close to 1.5x medium term target, which we expect to better in the current financial year

Bank Facilities

- £30.0 million of committed facilities through to March 2020 and £11.0 million of overdraft facilities
- Continued good levels of headroom on its main banking covenants

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5 Year Financial Progress

	2017 £	2016 £	2015 £	2014 £	2013 restated £
Revenue	**138,282**	118,974	107,503	97,267	86,514
Underlying operating profit	**12,498**	10,034	7,789	6,551	5,585
Non recurring items	**-541**	-4,857	-31,668	-520	-670
Profit before financing costs	**11,957**	5,177	-23,879	6,031	4,915
Net financing charge	**-1,479**	-1,282	-666	-1,260	-1,698
Profit before tax	**10,478**	3,895	-24,545	4,771	3,217

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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.

End