



LANGLEY

Langley Holdings plc:  
Interim Trading Statement

6 MONTHS ENDED  
30 JUNE  
2018

[langleyholdings.com](http://langleyholdings.com)

5 Divisions  
Over 80 Subsidiaries  
Circa 4,300  
Employees

## CONTENTS

Company Information .....	4
Key Highlights.....	5
Chairman's Review .....	6
Consolidated Income Statement.....	8
Consolidated Statement of Financial Position.....	9
Reconciliation of Retained Earnings.....	10



# Company Information

6 Months ended 30 June 2018

## 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 2018

	Actual Year Ended 31 December 2017 €'000	Actual 6 months to 30 June 2018 €'000	Forecast Year Ending 31 December 2018 €'000
REVENUE	903,529	398,224	921,982
OPERATING PROFIT	110,274	42,512	100,303
PRE TAX PROFIT	111,808	43,530	102,215
NET ASSETS	647,350	678,813	723,022
CASH	323,036	350,350	391,989
ORDERS ON HAND	275,841	314,055	274,293

EMPLOYEES	No.	No.	No.
	4,332	4,286	4,347

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

“Performances in line with expectations”

6 month's PBT: €43.5million



# Chairman's Review

6 Months ended 30 June 2018

In the six months to 30 June 2018, the group posted a profit before tax of €43.5 million on revenues of €398.2 million. This compares with €45.7 million for the same period last year on slightly higher revenues. Net assets rose to €678.8 million at the half year (June 2017: €606.3 million). There were no shareholder dividends in the period. The group has nil debt and at 30 June the consolidated cash balance stood at €350.4 million (June 2017: €297.3 million).

The group's performance for the first six months of 2018 was in line with expectations and, on the whole, satisfactory. The combined forecasts for the year to 31 December are indicating a consolidated profit before tax of €102.2 million on revenues of €922.0 million.

The result to June included a currency gain of €3.2 million. This arises due to the group's cash assets being situated across a number of different geographic locations and currencies. When consolidating into euros for reporting purposes, any variations compared with the opening exchange rates, results in a currency gain or loss. Around half the group's assets are represented in euros, the currency we report in; around 20% in both pounds sterling and US dollars and the balance in a number of other currencies – similar proportions to which the group earns its profits. Under IFRS reporting rules these variances are reflected in the Income Statement and significant movements in exchange rates can materially affect the trading result. To be clear, the group does not engage in currency speculation.

On the whole our five operating divisions performed in line with expectations:

Piller, the German power protection systems producer, had a slow order intake, but closed the half year in line with budget. Although the data centre sector, Piller's principal market, continues to be strong, I am not expecting a repeat of last year's exceptional performance - an all time record for the division. The US subsidiary slowed significantly in the first half and is unlikely to reach target by year end, although Piller subsidiaries in Germany, the UK, France, Singapore and Australia are expected to bridge the shortfall. Active Power, the Texas based kinetic energy storage device specialist, acquired by Piller towards the end of 2016, announced a new product to market out of its R&D programme, and although it was also behind at the half way, contributed positively to the division result.

ARO, our automobile welding machine producer, which is based in France and also manufacturers in the USA, continued to perform extremely well - once again significantly exceeding plan in the first half. Continuing strong demand for ARO's technically superior resistance welding equipment on both sides of the Atlantic - and in China, where the company also assembles - continued unabated and the second half of the year is set to significantly exceed original expectations, albeit short of the record result achieved in 2017.

Manroland, our German sheet-fed printing press builder, was slightly ahead of plan in the first half, due mainly to a strong order intake for new presses from the packaging sector. New press sales reached a near record level for our stewardship (since February 2012) in the first quarter, although fell back to more normal levels in Q2. Having gone through seismic changes, the print sector is now reasonably stable and although growing slowly, it is doing so from a much lower base point than Manroland's infrastructure was originally intended. The final stage of consolidation was actioned during the period and the remaining occupants of the former headquarters building, situated a kilometre or so from the principal facility, will be relocated by year-end. A section of the



former headquarters building was let to the regional police authority last year and during the period a commitment was made by the authority for a second tranche. Steps were also taken during the period to rationalize the market organization in Austria and Switzerland and although the second half is expected to be a little slower overall, I expect the business will perform at a similar level to 2017; not a stellar performance but a solid contribution nonetheless.

Claudius Peters, the German plant machinery builder and aerospace components manufacturer, continued to be affected by a dearth of investment in the cement and steel industries and there are still no signs of improvement, although order intake in Claudius Peters China was ahead of plan. Difficulties in trading with the emerging market of Russia, due to political tensions, only served to exacerbate the situation. However, the plant machinery business did marginally contribute positively in the period, on relatively low levels of activity, whereas the aerospace components division performed in line with plan.

Other businesses performed more-or-less as expected. The division comprises: Bradman Lake, the food packaging machinery specialist; Clarke Chapman, the specialist cranes producer; Reader Cement Products, the cement blending and packing specialist; Druck Chemie, the print chemicals manufacturer; Oakdale Homes, a local house builder and JND, an aftermarket business. All contributed positively to the result with the exception of Oakdale Homes.

At the group level, we continued to seek out opportunities to further develop our business and spent much of the first half pursuing a substantial non-core disposal target which, had it been successful, would have roughly doubled the size of the group. However, the successful bid was around twice our assessed value and although a quality asset, I believe our offer was a fair one. M&A activity is currently seeing record multiples in virtually all sectors. In my view this is very much the top of the market cycle and we are not being drawn into the excitement. The search continues.

For anyone who follows the group, they will know that Langley Holdings plc, despite having the transparency of a public company, remains an entirely private family owned concern. Much of my focus in recent years has been succession of the business and the next generation of family are now firmly established within the group. My son, Bernard, joined the company five years ago and is now a group board director; William, joined three and half years ago and is managing director of Reader Cement Products, one of our stand-alone operational businesses. In March this year, my daughter Charlotte joined the group, based at Active Power in Austin TX, with responsibilities spanning our other US subsidiaries, Welcome Charlotte.

In conclusion to this half-year Review, the overall trading for the first six months of 2018 was very satisfactory - some areas of activity more so than others. With a group as diverse as ours this must be expected and it is the lesser contributing areas that receive most attention. From today's perspective, the forecast for the full year, is achievable. I expect the group will continue to generate cash, adding to the already healthy surplus over working capital requirements we already have available for further development, as and when suitable opportunities arise.

**Anthony J Langley**  
Chairman  
30<sup>th</sup> July 2018

# Consolidated Income Statement

6 Months ended 30 June 2018

	Actual Year Ended 31 December 2017 €'000	Actual 6 months to 30 June 2018 €'000	Forecast Year Ending 31 December 2018 €'000
<b>REVENUE</b>	903,529	398,224	921,982
Cost of Sales	(593,513)	(256,559)	(613,465)
<b>GROSS PROFIT</b>	310,016	141,665	308,517
Net operating expenses	(199,742)	(99,153)	(208,214)
<b>OPERATING PROFIT</b>	110,274	42,512	100,303
Finance income	1,582	1,038	1,959
Finance costs	(48)	(20)	(47)
<b>PROFIT BEFORE TAXATION</b>	<b>111,808</b>	<b>43,530</b>	<b>102,215</b>
Income tax expense	(37,360)	(13,525)	(30,140)
<b>PROFIT FOR THE PERIOD</b>	<b>74,448</b>	<b>30,005</b>	<b>72,075</b>

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“On the whole, very satisfactory”

Forecast full year PBT: €102.2 million

# Consolidated Statement of Financial Position

6 Months ended 30 June 2018

	Actual Year Ended 31 December 2017 €'000	Actual 6 months to 30 June 2018 €'000	Forecast Year Ending 31 December 2018 €'000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	2,985	2,832	2,803
Property, plant and equipment	206,863	208,723	212,795
Investments	14	14	14
Trade and other receivables	3,724	2,068	1,912
Deferred income tax assets	16,483	15,129	15,200
	<b>230,069</b>	<b>228,766</b>	<b>232,724</b>
<b>CURRENT ASSETS</b>			
Inventories	163,720	201,508	178,731
Trade and other receivables	177,961	167,246	177,640
Cash and cash equivalents	323,036	350,350	391,989
Current income tax recoverable	7,437	3,015	3,352
	<b>672,154</b>	<b>722,119</b>	<b>751,712</b>
<b>CURRENT LIABILITIES</b>			
Current portion of long term borrowings	54	51	29
Current income tax liabilities	7,892	6,100	5,256
Trade and other payables	180,831	203,298	192,605
Provisions	17,565	18,491	18,776
	<b>206,342</b>	<b>227,940</b>	<b>216,666</b>
<b>NET CURRENT ASSETS</b>	<b>465,812</b>	<b>494,179</b>	<b>535,046</b>
Total assets less current liabilities	695,881	722,945	767,770
<b>NON-CURRENT LIABILITIES</b>			
Provisions	1,633	1,383	2,028
Long term borrowings	39	18	0
Trade and other payables	17,350	13,412	12,786
Retirement benefit obligations	11,970	12,435	12,679
Deferred income tax liabilities	17,539	16,884	17,255
	<b>48,531</b>	<b>44,132</b>	<b>44,748</b>
<b>NET ASSETS</b>	<b>647,350</b>	<b>678,813</b>	<b>723,022</b>
<b>EQUITY</b>			
Share capital	71,227	71,227	71,227
Merger reserve	4,491	4,491	4,491
Revaluation reserve	4,935	4,935	4,935
Retained earnings	566,697	598,160	642,369
<b>TOTAL EQUITY</b>	<b>647,350</b>	<b>678,813</b>	<b>723,022</b>

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# Reconciliation of Retained Earnings

6 Months ended 30 June 2018

	Actual 6 months to 30 June 2018 €'000	Forecast Year Ending 31 December 2018 €'000
At 1 January 2018	566,697	566,697
Current profit for the period	30,005	72,075
Currency exchange difference arising on retranslation	1,458	3,597
<b>TOTAL RETAINED EARNINGS AT PERIOD END</b>	<b>598,160</b>	<b>642,369</b>

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