LANGLEY

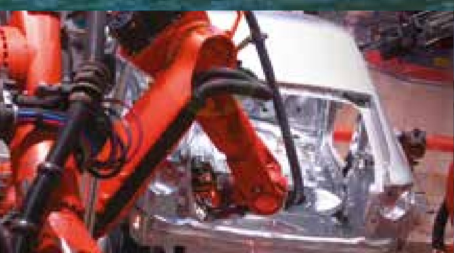
2021

Langley Holdings PLC

INTERIM TRADING STATEMENT

6 MONTHS ENDED 30 JUNE


DRIVEN BY
Tony Langley
SUPER SERIES



LANGLEY

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“7 Divisions
80+ Subsidiaries
Over 4,600 Employees”

Gladiator, the group sponsored yacht racing team, competed in the 167th New York Yacht Club Annual Regatta, Newport RI, in June. The event marked a return to pre-pandemic normality in the United States. For this event *Gladiator* carried the branding of Active Power Inc., part of the Piller Power Systems division.

Company Information

6 months ended 30 June 2021

DIRECTORS	A J Langley – Chairman B J Langley W A Langley M J Neale
SECRETARY	P Sexton
REGISTERED OFFICE	Enterprise Way Retford Nottinghamshire DN22 7HH England
REGISTRATION IN ENGLAND AND NUMBER	1321615
AUDITOR	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE England
PRINCIPAL BANKERS	Barclays Bank plc PO Box 3333 Snowhill Queensway Birmingham B4 6GN England Deutsche Bank Adolphsplatz 7 20457 Hamburg Germany Commerzbank AG Sand 5-7 21073 Hamburg Germany

Key Highlights

6 months ended 30 June 2021

	Actual Year Ended 31 December 2020 €´000	Actual 6 Months to 30 June 2021 €´000	Forecast Year Ending 31 December 2021 €´000
REVENUE	766,778	363,902	881,750
OPERATING PROFIT	28,040	12,028	42,913
NON-RECURRING COSTS	(4,492)	(2,059)	(2,871)
PRE-TAX PROFIT	24,047	11,977	42,737
NET ASSETS	707,178	738,935	763,116
NET CASH	287,065	311,889	290,409
ORDERS ON HAND	220,169	381,696	773,927
	No.	No.	No.
EMPLOYEES	4,661	4,602	5,590

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

"...a much-improved performance when compared to last year."

Chairman's Review

6 months ended 30 June 2021

In the six months to 30 June 2021, the group posted a profit before tax of €12.0 million on revenues of €363.9 million. This compares with €3.9 million for the same period last year on revenues of €370.4 million. Net assets at the half year were €738.9 million (June 2020: €683.2 million) and the net consolidated cash balance stood at €311.9 million (June 2020: €266.3 million). There were no shareholder dividends in the period and at the end of the period orders on hand were €381.7 million (June 2020: €265.2 million).

The winter of 2020/21 saw the depths of the Coronavirus crisis in the developed world, many countries grappling with second and even third waves of the pandemic. However, by the second quarter of 2021, the United States was leading the West in a return to pre-pandemic normality. Painfully slow rollouts of vaccine programmes across the Euro zone – where the majority of our businesses are based – caused frustration amongst populations weary of Corona restrictions. In reality though, with the most vulnerable cohorts across the developed world now largely vaccinated, the health crisis – as measured by demand on critical care capacity – is effectively over in those countries. The economic impact of the pandemic will resonate for quite some time, as will the social legacy.

Fiscal stimuli will no doubt soften the economic hammer blow that Covid-19 has delivered, but the long term economic and social effects of Coronavirus remain to be seen. The health crisis weighed heavily on the majority of the group's activities in 2020 and continued to do so in the first half of 2021, albeit less so as the year progressed. The group has remained profitable overall and generated cash throughout. Coming into 2021, I looked back on an unprecedented year that, considering the unique circumstances, our businesses had managed well and I looked forward, cautiously optimistic that 2021 would be an improved trading year.

At the halfway that optimism was not unfounded and by 30th June, the group had seen a much-improved performance, when compared with the same period last year and a significant uptick in order books across all divisions.

"...significant uptick in order books across all divisions."

Both revenues and PBT across the group saw a marked improvement in the first half when compared to the same period last year, but it is the second half when the improvement, will be most noticeable. The positive trend is expected to increase significantly in the third and fourth quarters, underpinned by strong order books.

Of particular note Manroland Sheetfed, our German printing machinery builder, recorded its strongest half-year order intake since we acquired the business in 2012 and a 10-year record high monthly order intake in June. The challenge now is to ramp up production to match.

The first half for Marelli Motori, our Italian electric motor and generator manufacturer, was burdened with non-recurring costs associated with the discontinuation of manufacturing operations in Malaysia at the end of last year but saw a strong increase in order intake in the period. With the Malaysia restructuring now firmly behind them and increased utilisation of the factory in Italy, I expect to see a continuation of the improving underlying trend that began in the second quarter.

Piller Power Systems, our critical power equipment business based in Germany, is clearly in an improved position from a year ago. After a particularly poor Q4 intake last year, orders are 22% higher and in line with budget at the half way, whilst the backlog is 15% higher with similar revenue to last year. PBT at the half year is behind plan but expected to catch up in the second half. Piller's Active Power business in Austin TX, which manufactures its own brand of UPS machines and accounts for roughly 15% of the division's revenues and profits, was also behind budget at the half way but it too is expected to catch up in the second semester on the back of a strong influx of export orders.

ARO Welding Technologies, our French producer of welding equipment for the automotive industry, achieved its budgeted profit for the year by June. The sector had slowed down markedly prior to Covid, following several years of increasingly improving profits and the business was particularly cautious about prospects for this year as a result. However, the US bounced back especially strongly and ARO's plant near Detroit is having a very good year, although the small assembly operation in Wuhan is struggling. Overall though, I expect ARO to more than double it's, albeit modest, budget for the year.

Claudius Peters, our German plant machinery builder, also saw strong first half order intake which, if the forecast to year end is met, will be the highest since 2008. However, the aerospace division continued to languish, as demand from the sector remained subdued. Claudius Peters' French subsidiary was reorganised during the period and new management are also addressing disproportionate payroll costs in Germany, which were allowed to spiral under the previous regime. The division is gradually being transformed and is expected to contribute positively, albeit not significantly, to the full year group result.

The Other Businesses Division is performing very satisfactorily: Reader Cement Products was well ahead at the halfway and looks set to have a record year on the back of a still strong UK home improvements sector. Bradman Lake, the packaging machinery specialist, was well ahead at June and is expected to significantly exceed budget for the year. Clarke Chapman, the specialist materials handler, was slightly behind at the halfway but is expected to catch up and exceed budget for the year. Other miscellaneous activities are more or less in line with expectations.

Chairman's Review (Continued)

6 months ended 30 June 2021

All divisions have been ramping up activity during the period to meet increased demand, but operations are currently hampered by Coronavirus working and travel restrictions, the latter particularly problematic for aftermarket service activities. Furthermore, supply chain limitations and price volatility are also weighing on our businesses.

On the group development front, Blueprint and HiTech Print Chemicals, the Belgian print chemicals businesses we acquired from Heidelberger Druckmaschinen AG in December 2020, have integrated well with our Druck Chemie business and all are performing ahead of plan.

On 3rd August, the group entered into a sale and purchase agreement with Rolls-Royce Power Systems AG, a division of Rolls-Royce PLC, to acquire the entire share capital of Bergen Engines AS. Effective completion of the deal is scheduled for December 31st.

The business, which is located near Bergen in Norway, produces medium speed liquid fuel and gas engines, generator sets for marine propulsion and marine and land-based power generation applications. The company employs around 950 people worldwide including about 650 in the main factory in Hordvikneset and expects to have revenues of circa €260 million in 2021.

Bergen Engines' revenues and profits do not affect the Langley results for this year. However, year end forecast balance sheet, order book and employee numbers have been included in this Interim Trading Statement, as has the cash impact of the transaction. I will comment further on the acquisition in my Chairman's Review of 2021 when we publish the Annual Report & Accounts in February.

In conclusion, the first half of 2021 saw the beginnings of a return to pre-pandemic normality for many of our operations, combined with particularly strong order intake. Despite the continuing disruption that Covid restrictions still bring to our businesses, the group is on the whole coping well and I expect this will be reflected in a strong second half trading performance. Furthermore, the deal with Rolls-Royce marks another milestone in the group's development and I look forward to welcoming the employees of Bergen Engines to our family of businesses.

Anthony J Langley
Chairman
5th August 2021

"Agreement signed with Rolls-Royce to acquire Norwegian Bergen Engines subsidiary."

Consolidated Income Statement

6 months ended 30 June 2021

	Actual Year Ended 31 December 2020 €´000	Actual 6 Months to 30 June 2021 €´000	Forecast Year Ending 31 December 2021 €´000
REVENUE	766,778	363,902	881,750
Cost of Sales	(541,164)	(246,718)	(624,260)
GROSS PROFIT	225,614	117,184	257,489
Net operating expenses	(197,574)	(103,097)	(211,706)
OPERATING PROFIT BEFORE NON-RECURRING ITEMS	28,040	14,087	45,784
NON-RECURRING ITEMS	(4,492)	(2,059)	(2,871)
OPERATING PROFIT	23,548	12,028	42,913
Finance income	1,041	94	128
Finance costs	(542)	(145)	(303)
PROFIT BEFORE TAXATION	**24,047**	**11,977**	**42,737**
Income tax expense	(6,237)	(2,525)	(9,103)
PROFIT FOR THE PERIOD	**17,810**	**9,452**	**33,634**

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Consolidated Statement of Financial Position

As at 30 June 2021

	Actual 31 December 2020 €´000	Actual 30 June 2021 €´000	Forecast 31 December 2021 €´000
NON-CURRENT ASSETS			
Intangible assets	17,672	17,497	17,432
Property, plant and equipment	219,339	221,088	242,757
Investments	14	14	14
Investments properties	55,604	53,749	53,249
Trade and other receivables	3,272	2,029	1,915
Deferred income tax assets	34,950	36,480	39,429
	330,851	**330,857**	**354,796**
CURRENT ASSETS			
Inventories	188,625	225,947	342,331
Trade and other receivables	159,400	157,819	216,598
Cash and cash equivalents	287,963	312,220	290,651
Current income tax recoverable	5,960	5,934	5,187
Assets held for sale	0	0	0
	641,948	**701,920**	**854,767**
CURRENT LIABILITIES			
Current portion of long term borrowings	721	144	118
Current income tax liabilities	10,697	1,748	4,219
Trade and other payables	176,866	209,915	362,744
Provisions	19,324	15,414	14,502
	207,608	**227,221**	**381,583**
NET CURRENT ASSETS	**434,340**	**474,699**	**473,184**
Total assets less current liabilities	765,191	805,556	827,981
NON-CURRENT LIABILITIES			
Provisions	792	1,859	1,928
Long term borrowings	177	187	124
Trade and other payables	18,213	24,921	23,634
Retirement benefit obligations	13,322	13,703	13,776
Non-current income tax liabilities	0	545	794
Deferred income tax liabilities	25,509	25,407	24,608
	58,013	**66,622**	**64,864**
NET ASSETS	**707,178**	**738,935**	**763,116**
EQUITY			
Share capital	71,227	71,227	71,227
Merger reserve	4,491	4,491	4,491
Revaluation reserve	27,436	27,436	27,436
Retained earnings	604,024	635,781	659,962
TOTAL EQUITY	**707,178**	**738,935**	**763,116**

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Reconciliation of Retained Earnings

6 months ended 30 June 2021

	Actual 6 Months to 30 June 2021 €´000	Forecast Year Ending 31 December 2021 €´000
At 1 January 2021	604,024	604,024
Current profit for the period	9,452	33,634
Currency exchange difference arising on retranslation	22,304	22,304
Dividend paid	0	0
TOTAL RETAINED EARNINGS AT PERIOD END	**635,781**	**659,962**

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