LANGLEY

2022

Langley Holdings PLC

INTERIM TRADING STATEMENT

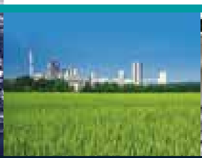
6 MONTHS ENDED 30 JUNE, 2022

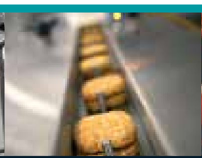

GBR
11152X

Contents

3 principal divisions
90+ subsidiaries
over 5,300 employees

The group sponsored *Gladiator* yacht racing team took their first race win of the 2022 season on day 3 of the inaugural TP52 SUPER SERIES in Baiona, northwest Spain, in May. Carrying the branding of Bergen Engines, the group’s latest acquisition, in common with all Langley businesses, the TP52 SUPER SERIES represents the most advanced technology in its field, attracts highly talented people and is conducted with the highest standards of integrity.







Company Information

6 months ended June 2022

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

Key Highlights

6 months ended June 2022

	Actual 6 Months to 30 June 2021 €´000	Actual 6 Months to 30 June 2022 €´000	Forecast Year Ending 31 December 2022 €´000
REVENUE	363,902	542,644	1,275,497
OPERATING PROFIT	12,028	20,689	59,559
PRE TAX PROFIT	11,977	20,509	59,830
NET ASSETS	738,935	844,396	873,280
NET CASH	311,889	254,790	282,180
ORDERS ON HAND	381,696	927,306	987,844
	No.	**No.**	**No.**
EMPLOYEES	4,602	5,315	5,349

Chairman's Review

6 months ended June 2022

In the six months to 30 June 2022, the group posted a profit before tax of €20.5 million on revenues of €542.6 million. This compares with €12.0 million for the same period last year on revenues of €363.9 million.

At 30 June consolidated net cash stood at €254.8 million (June 2021: €311.9 million) and net assets at €844.4 million (June 2021: €738.9 million). There were no shareholder dividends in the period.

Orders on hand at the period end were €927.3 million (June 2021: €381.7 million)

2022 began with record order books across the group. Following the economic hammer blow delivered by Covid-19, the recovery was well under way by the beginning of the year and order books have strengthened further in the first half across all divisions to a new record high at the half-year.

orders on hand: a new record high of €927 million at the half year

However, supply chain issues continue to dog virtually all of our businesses and rising inflation, which started around a year ago, continues at a level not seen since the nineteen seventies and eighties. This has resulted in margin erosion in a number of our businesses.

Although Covid-19 no longer poses a serious health threat to most of us, the increased virulence of recent strains has meant that Covid-19 related absenteeism across our workforce is currently at an all-time high, weighing further on the group's performance.

Consequently, the result to June is slightly below target, although not significantly as the above factors were largely factored in to the budgets and I have confidence in the forecast result for the full year.

What was not anticipated was Russia's invasion of the Ukraine and the resultant sanctions imposed by the West. Like many, I am deeply saddened by the war, particularly by the human cost on the civilian population of the Ukraine.

Russia and the Ukraine are amongst the group's many overseas markets and the war is inevitably impacting those of our business which export to those countries. None of our businesses have permanent infrastructure in either country, nonetheless, group revenues will be impacted by around 10% this year.

Russia-Ukraine war: group revenues impacted by around 10%

Chairman's Review (continued)

6 months ended June 2022

On 1st January, 2022, we welcomed over 900 new employees to our family of businesses. Bergen Engines group, based in Norway, produces medium-speed diesel engines and generator sets for the marine and power generation sectors.

The contract to acquire the company from Rolls-Royce plc was exchanged last August and completed on 31st December, 2021. Five months between exchange and completion of contracts allowed time to effect an orderly carve out from Rolls-Royce and for us to "hit the ground running" in January.

Consequently, reorganisation of the business is now largely complete and although these measures will have a positive effect on the second half, the full benefits will not be seen until 2023. The new business is expected to increase group revenues by some €250 million this year.

Bergen Engines reorganisation largely complete

At the beginning of the year the group was organised into three principal divisions:

- Power Solutions
- Print Technologies
- Other Industrials

Bergen Engines comes together with our Piller and Marelli Motori groups to form the Power Solutions division, focusing on the emerging hybrid renewables microgrid sector, whilst continuing to service their own traditional markets.

Hybrid renewable microgrids that combine wind and solar with conventional power generation, are a key element in reducing carbon emissions and central to the group's net zero strategy.

As low carbon fuels, such as green hydrogen, become mainstream, Bergen engines, coupled with Marelli generators and Piller power stabilisation technology, are set to be a major driver of the group's long-term growth and sustainable development plans.

hybrid renewable microgrid solutions central to the group's net zero strategy

In 2022 the Power Solutions division will account for around half of the group's circa €1.3 billion revenues. Piller is the main driver of profits for the division and for the group. Bergen is expected to make a positive contribution, despite restructuring costs and was ahead at the half way but it will not be until 2023 and beyond that we will see a significant contribution to the group's profits and that was reflected in the purchase price.

Power Solutions division will account for around half of the group's circa €1.3 billion revenues in 2022

Chairman's Review (continued)

6 months ended June 2022

Marelli was behind plan at the halfway having been caught out by rising costs. The Italian management have been given clear direction on how we expect them to resolve the underperformance and this will be kept under focus. Meanwhile the re-integration of Marelli's Malaysian business, following closure of the manufacturing facility in Kuala Lumpur, is now complete.

Print Technologies comprises the Manroland Sheetfed group, our German printing press builder; Druck Chemie group and BluePrint, the print chemicals producers.

There are approximately three thousand components in a modern offset litho printing machine so understandably Manroland has been particularly affected by supply chain issues. This, together with especially high absenteeism, has meant the factory in Germany has significantly under-recovered in the first half.

However, management are responding to the challenges and the works council have agreed to support them in radical changes to working practices. I expect to see an improvement in the second half.

In the Other Industrials division, Claudius Peters, has experienced the most severe inflation-related margin erosion, due to the long-term nature of its plant machinery business. This activity has also become increasingly competitive in recent years and changes to working practices, thus far resisted by its works council, are required.

Elsewhere in the division, the UK based Bradman Lake packaging machinery business won the Queen's Award for Export and continues to perform well, as does Clarke Chapman, the specialist materials handler. Similarly, Reader Cement Products had a strong first half, although there are signs the booming UK home improvement sector is beginning to cool. ARO, our French automotive welding business had a very good first half and looks set to exceed its budget in the second half as well.

performance overall at the half year satisfactory

In conclusion, considering the challenges being faced by our businesses, the first half of 2022 was, overall, satisfactory and I commend our management for the way in which they are meeting these challenges.

Anthony J Langley
Chairman
29th July, 2022

Consolidated Income Statement

6 months ended June 2022

	Actual 6 Months to 30 June 2021 €´000	Actual 6 Months to 30 June 2022 €´000	Forecast Year Ending 31 December 2022 €´000
REVENUE	363,902	542,644	1,275,497
Cost of Sales	(246,718)	(376,638)	(926,615)
GROSS PROFIT	117,184	166,006	348,882
Net operating expenses	(105,156)	(145,317)	(289,323)
OPERATING PROFIT	12,028	20,689	59,559
Finance income	94	153	843
Finance costs	(145)	(333)	(572)
PROFIT BEFORE TAXATION	**11,977**	**20,509**	**59,830**
Income tax expense	(2,525)	(5,093)	(15,530)
PROFIT FOR THE PERIOD	**9,452**	**15,416**	**44,300**

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

Consolidated Statement of Financial Position

6 months ended June 2022

	Actual 30 June 2021 €´000	Actual 30 June 2022 €´000	Forecast 31 December 2022 €´000
NON-CURRENT ASSETS			
Intangible assets	17,497	16,403	15,163
Property, plant and equipment	221,088	336,221	327,324
Investments	14	14	14
Investments properties	53,749	64,626	64,626
Trade and other receivables	2,029	1,844	2,358
Deferred income tax assets	36,480	33,170	33,030
	330,857	**452,278**	**442,515**
CURRENT ASSETS			
Inventories	225,947	399,708	393,281
Trade and other receivables	157,819	272,911	262,833
Cash and cash equivalents	312,220	254,989	282,338
Current income tax recoverable	5,934	8,222	5,911
	701,920	**935,830**	**944,363**
CURRENT LIABILITIES			
Current portion of long term borrowings	144	81	98
Current income tax liabilities	1,748	9,138	5,281
Trade and other payables	209,915	400,926	372,229
Provisions	15,414	39,659	38,752
	227,221	**449,804**	**416,360**
NET CURRENT ASSETS	**474,699**	**486,026**	**528,003**
Total assets less current liabilities	**805,556**	**938,304**	**970,518**
NON-CURRENT LIABILITIES			
Provisions	1,859	1,850	1,823
Long term borrowings	187	118	60
Trade and other payables	24,921	40,154	43,309
Retirement benefit obligations	13,703	13,817	14,158
Non-current income tax liabilities	545	0	0
Deferred income tax liabilities	25,406	37,969	37,888
	66,621	**93,908**	**97,238**
NET ASSETS	**738,935**	**844,396**	**873,280**
EQUITY			
Share capital	71,227	71,227	71,227
Merger reserve	4,491	4,491	4,491
Revaluation reserve	27,436	27,966	27,966
Retained earnings	635,781	740,712	769,596
TOTAL EQUITY	**738,935**	**844,396**	**873,280**

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

Reconciliation of Retained Earnings

6 months ended June 2022

	Actual 6 Months to 30 June 2022 €´000	Forecast Year Ending 31 December 2022 €´000
At 1 January 2022	732,008	732,008
Current profit for the period	15,416	44,300
Currency exchange difference arising on retranslation	(6,712)	(6,712)
Dividend paid	0	0
TOTAL RETAINED EARNINGS AT PERIOD END	**740,712**	**769,596**

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

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