

James Latham plc
("James Latham" or "the Company")

Preliminary Results

Chairman's statement

I am very pleased to report good trading results for the financial year to 31 March 2024.

The financial year to 31st March 2024 was a year where normal market conditions returned following three years of unprecedented challenges and opportunities, which had provided the group with exceptional profits. Product values reduced at a faster rate and earlier in the financial year than we had predicted. The lack of demand for our type of products in Continental Europe led to UK manufacturers having to react to price weakness from European manufacturers, who were looking to sell more product in the UK.

Global supply chains have been much easier this year, but we have seen how the position can quickly change with the impact that the shipping attacks in the Red Sea have had on container rates. The impact of inflation and higher interest rates has continued to be challenging with negative consumer confidence levels for much of the year affecting outputs in some of our key sectors. Construction has had a challenging year, and although this does not directly affect us, many of our larger manufacturing customers supply product into this sector. The strength of our results are testament to the depth and breadth of our customer base and the diverse market sectors within which we operate.

Revenue for the financial year to 31 March 2024 was £366.5m, down 10.2% on last year's £408.4m. Like for like volumes taking into account working days and acquisitions, decreased by just 0.2%, with growth of 2.7% on delivered business from our own warehouses. The cost price of our products is on average 3.4% lower (2023: 6.5% higher) than at the start of the financial year. This year has seen a change in our product mix, with customers moving to cheaper cost-effective products. Whilst we have gained market share in these products, the lower price per tonne has resulted in reduced revenues.

Gross profit percentage for the financial year to 31 March 2024 was 16.9% compared with 19.6% in the previous financial year, with product mix and a more competitive environment resulting in margins reducing slightly below our long term average. Despite inflation remaining high, overheads have been well controlled and are little changed from the previous year.

Profit before tax is £30.3m, compared with last year's £44.5m. Profit after tax for the year is £22.7m compared with last year's £35.9m. Earnings per ordinary share is 112.7p compared with last year's 179.5p. These figures should be viewed in the context of the exceptional profits achieved over the previous two financial years.

As at 31 March 2024 net assets have increased to £215.2m (2023: £195.6m). Inventory levels have reduced to £61.7m from £67.5m last year due to the normalisation of supply chains and the product mix resulting in more lower value products. Current trade and other receivables at the year end were £2.0m lower than the previous year with our measure of debtors days down slightly on the previous year. Despite the challenges of the economic environment, bad debts have remained low at 0.11% (2023: 0.06%) of revenues. Cash and cash equivalents of £75.9m (2023: £62.6m) remain strong with good cash flows from operating activities.

Final dividend

The Board has declared a final dividend of 26.0p per Ordinary Share (2023: 20.8p). The total dividend per ordinary share of 33.75p for the year (2023: 28.05p) is covered 3.3 times by earnings (2023: 6.4 times).

The previous two financial years have provided the group with exceptional profits and have allowed our cash balances to increase. The Board has declared two special dividends of 8.0p in each of the previous two financial years to reflect these profit levels. Following a return to more normal market conditions, the Board has reviewed our current cash position, considering future investment plans and maintaining our flexibility to react to opportunities as they arise, and has decided to declare a further special dividend of 45p per share.

Both the final and special dividend are payable on 23 August 2024 to ordinary shareholders on the Company's register at close of business on 2 August 2024. The ex-dividend date will be 1 August 2024.

Current and future trading

Current trading is consistent with the second half of the financial year to 31 March 2024, with very similar volumes and margins. The majority of our customers have improved order books and are feeling more positive than this time last year. However certain sectors, such as the merchant sector, are still finding the market place challenging.

We are seeing significant container freight rate increases at the moment which will increase our cost prices. This affects about 25 % of our products and we expect that the market price of these products will increase to compensate for this.

The cost prices from the majority of our manufacturers, excluding freight, are relatively stable, and we do not expect any changes in the short term. Demand for panel products is slowly increasing. Demand for timber however has been more challenging, but we are expecting volumes to increase as the year progresses.

We continue to see increased volumes in lower value products, but as overall demand and confidence picks up, combined with the work that we are doing in the specification sector then we expect our product mix will improve.

We are very mindful of the uncertainties created by the current geopolitical instability and the upcoming UK general election, but the macro-economic climate seems to be gradually improving, and the market place within which we operate is feeling more confident.

The group continues to demonstrate its ability to deliver strong results despite all the challenges that we face, and we believe that this will continue.

Development Strategy

The directors remain focused on developing the business and believe that the recent strong results demonstrate that the strategy is working well.

We will continue to invest in our current warehouse facilities including building a new storage shed at our Thurrock facility to enable them to stock more commodity products, and adding new racking to both our Scotland and Hemel Hempstead warehouses to allow them to further develop their product range.

We are committed to relocating the Belfast site (formerly branded as IJK Timber) to a modern style facility enabling them to stock our full range of products, but it is taking longer than expected to find a suitable site for development.

We have now purchased our Dublin site (formerly branded Abbey Woods), and with some investment will give us approximately 15% more space to allow us to increase the range and depth of our stock to support our customers requirements.

The Board continues to look for acquisitions that either help develop sales in specific market sectors, enable the business to sell a wider product range, or any geographical opportunities that arise.

The Board has been conducting a full review of the storage and routes that our products take before reaching our customers with a view to increasing both the efficiency of our operations and the range of products that we can hold. This project has identified a number of options that need to be further investigated over the coming months, including introducing warehouse management IT systems. The Board will ensure that sufficient resources are allocated to these projects to invest in our business for the long term benefit of the group.

Nick Latham
Chairman
26 June 2024

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European (Withdrawal) Act 2018

For further information please visit www.lathamtimber.co.uk or contact:

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JAMES LATHAM PLC

CONSOLIDATED INCOME STATEMENT
For the year to 31 March 2024

	unaudited	audited
	Year to 31 March	Year to 31 March
	2024	2023
	£000	£000
Revenue	366,514	408,370
Cost of sales (including warehouse costs)	(304,415)	(328,361)
Gross profit	62,099	80,009
Selling and distribution costs	(24,225)	(24,214)
Administrative expenses	(11,731)	(12,097)
Operating Profit	26,143	43,698
Finance income	4,313	1,071
Finance costs	(194)	(258)
Profit before tax	30,262	44,511
Tax expense	(7,601)	(8,593)
Profit after tax attributable to owners of the parent company	22,661	35,918
Earnings per ordinary share (basic)	112.7p	179.5p
Earnings per ordinary share (diluted)	112.6p	179.2p

All results relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year to 31 March 2024

	unaudited	audited
	2024	2023
	£000	£000
Profit after tax	22,661	35,918
Other comprehensive income that will not be classified subsequently to profit and loss:		
Actuarial gain on defined benefit pension scheme	5,770	1,407
Deferred tax relating to components of other comprehensive income	(1,442)	(632)
Other comprehensive income that may be classified subsequently to profit and loss:		
Foreign translation charge	(252)	233
Other comprehensive income for the year, net of tax	4,076	1,008
Total comprehensive income attributable to owners of the parent company	26,737	36,926

JAMES LATHAM PLC **CONSOLIDATED BALANCE SHEET** *For the year to 31 March 2024*

COMPANY REGISTRATION NUMBER 65619

	unaudited	audited
	2024	2023
	£000	£000
Assets		
Non-current assets		
Goodwill	1,193	1,193
Other intangible assets	1,152	1,319
Property, plant and equipment	39,989	37,440
Right-of-use-assets	8,363	5,817
Trade and other receivables	789	-
Retirement and other benefit obligation	15,864	7,221
Total non-current assets	67,350	52,990
Current assets		
Inventories	61,709	67,489
Trade and other receivables	64,757	66,782
Cash and cash equivalents	75,881	62,609
Tax receivable	-	490
Total current assets	202,347	197,370
Total assets	269,697	250,360
Current liabilities		
Lease liabilities	1,373	879
Trade and other payables	35,456	41,066
Tax payable	408	-
Total current liabilities	37,237	41,945
Non-current liabilities		
Interest bearing loans and borrowings	592	592
Lease liabilities	7,298	5,130
Deferred tax liabilities	9,340	7,118
Total non-current liabilities	17,230	12,840
Total liabilities	54,467	54,785
Net assets	215,230	195,575
Capital and reserves		
Issued capital	5,040	5,040
Share premium	150	150
Reserves	209,940	189,985
Total capital and reserves	215,230	195,575

Share-based payment reserve	152	124
Capital reserve	398	398
Retained earnings	209,640	190,013
Total equity attributable to shareholders of the parent company	215,230	195,575

JAMES LATHAM PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the owners of the parent company

	Issued capital £'000	Share- based payment reserve £'000	Own shares £'000	Capital reserve £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 April 2022 - audited	5,040	387	(873)	398	159,019	163,971
Profit for the year	-	-	-	-	35,918	35,918
Other comprehensive income:						
Actuarial gain on defined benefit pension scheme	-	-	-	-	1,407	1,407
Deferred tax relating to components of other comprehensive income	-	-	-	-	(632)	(632)
Foreign translation charge	-	-	-	-	233	233
Total comprehensive income for the year	-	-	-	-	36,926	36,926
Transactions with owners:						
Dividends	-	-	-	-	(6,825)	(6,825)
Exercise of options	-	(386)	1,397	-	369	1,380
Deferred tax on share options	-	(59)	-	-	-	(59)
Transfer of retained earnings	-	-	(524)	-	524	-
Share-based payment expense	-	182	-	-	-	182
Total transactions with owners	-	(263)	873	-	(5,932)	(5,322)
Balance at 31 March 2023 - audited	5,040	124	-	398	190,013	195,575
Profit for the year	-	-	-	-	22,661	22,661
Other comprehensive income:						
Actuarial gain on defined benefit pension scheme	-	-	-	-	5,770	5,770
Deferred tax relating to components of other comprehensive income	-	-	-	-	(1,442)	(1,442)
Foreign translation charge	-	-	-	-	(252)	(252)
Total comprehensive income for the year	-	-	-	-	26,737	26,737
Transactions with owners:						
Dividends	-	-	-	-	(7,348)	(7,348)
Exercise of options	-	(32)	-	-	32	-
Deferred tax on share options	-	(20)	-	-	-	(20)
Own shares movement	-	-	-	-	206	206
Share-based payment expense	-	80	-	-	-	80
Total transactions with owners	-	28	-	-	(7,110)	(7,082)
Balance at 31 March 2024 - unaudited	5,040	152	-	398	209,640	215,230

JAMES LATHAM PLC
CONSOLIDATED CASH FLOW STATEMENT
For the year to 31 March 2024

	unaudited	audited Restated
	2024	2023

	£000	£000
Net cash flow from operating activities		
Cash generated from operations	29,563	42,484
Interest paid	(48)	(53)
Income tax paid	(5,943)	(7,498)
Net cash inflow from operating activities	23,572	34,933
Cash flows from investing activities		
Interest received and similar income	3,560	822
Purchase of property, plant and equipment	(5,595)	(3,304)
Proceeds from sale of property, plant and equipment	67	72
Net cash outflow from investing activities	(1,968)	(2,410)
Cash flows from financing activities		
Purchase of treasury shares	(6)	-
Exercise of share options	212	1,380
Lease liability payments	(1,190)	(1,499)
Equity dividends paid	(7,348)	(6,825)
Net cash outflow from financing activities	(8,332)	(6,944)
Increase in cash and cash equivalents for the year	13,272	25,579
Cash and cash equivalents at beginning of the year	62,609	37,030
Cash and cash equivalents at end of the year	75,881	62,609

JAMES LATHAM PLC

Notes to the unaudited preliminary financial information

1. The preliminary financial information presented in this report is unaudited and has been prepared in accordance with the recognition and measurement principles of UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 set out in the Group accounts for the years ended 31 March 2023 and 31 March 2024, and does not contain all the information to be disclosed in financial statements prepared in accordance with IFRS.
2. The directors propose a final dividend of 26.0p plus a special dividend of 45.0p per ordinary share, which will absorb £14,314,000 (2023: 20.8p plus a special dividend of 8.0p absorbing £5,789,000), payable on 23 August 2024 to shareholders on the Register at the close of business on 2 August 2024. The ex-dividend date is 1 August 2024.
3. The figures for the year ended 31 March 2024 are unaudited. The figures relating to 31 March 2023 have been extracted from the statutory accounts for that year. The statutory accounts for the year ended 31 March 2024 have yet to be delivered to the Registrar of Companies and have been prepared in accordance with UK-adopted International Accounting Standards. The preliminary financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006, and does not contain all the information required to be disclosed in a full set of IFRS financial statements.

Statutory accounts for the year ended 31 March 2024 will be delivered to the Registrar of Companies and sent to Shareholders in due course. The Annual Report and Accounts may also be viewed in due course on James Latham plc's website at www.lathamtimber.co.uk

Statutory accounts for the year ended 31 March 2023 have been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified and did not include reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under

auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 498(2) and (3) of the Companies Act 2006.

4. This announcement was approved and authorised for issue by the Board of Directors on 26 June 2024.

5. Net cash flow from operating activities

	Year to 31 March 2024	Year to 31 March 2023
	unaudited £000	Restated audited £000
Profit before tax	30,262	44,511
Adjustment for finance income and cost	(4,119)	(813)
Depreciation and amortisation	4,271	4,173
Impairment	-	179
Loss/(profit) on disposal of property, plant and equipment	35	(46)
Decrease/(increase) in inventories	5,780	6,741
Decrease/(increase) in receivables	1,236	1,550
(Decrease)/increase in payables	(5,862)	(9,547)
Retirement benefits	(2,120)	(4,446)
Share-based payments non cash amounts	80	182
Cash generated from operations	29,563	42,484

6. Earnings per ordinary share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	Year to 31 March 2024	Year to 31 March 2023
	unaudited £000	audited £000
Net profit attributable to ordinary shareholders	22,661	35,918
	Number '000	Number '000
Weighted average share capital	20,112	20,009
Add: diluted effect of share capital options issued	14	31
Weighted average share capital for diluted earnings per ordinary share calculation	20,126	20,040

7. The Annual General Meeting of James Latham plc will be held at the Leverstock Suite, Holiday Inn, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4UA on Wednesday 21 August 2024 at 12.30pm.

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