

30 April 2025

Carclo plc

Trading Update

Carclo plc ("Carclo", the "Group" or the "Company"), a global leader in precision engineering solutions, today issues a trading update for the year ended 31 March 2025.

Health & Safety Excellence

Prioritising health and safety has resulted in Carclo's Health & Safety culture becoming fundamentally transformed. This is evidenced by improvement in a key metric, the Incident Frequency Rate (a measure of the number of safety incidents per 100,000 hours worked), which has improved dramatically from 2.28 in FY24 to 0.69 in FY25 - testament to our identity as a company that delivers measurable results.

Group Financial Performance and Strategic Execution

The Group's disciplined execution of our strategic priorities - strengthening the balance sheet, optimising assets, enhancing margins, and delivering global operational excellence - has yielded substantial progress throughout the financial year.

Trading performance for the year ended 31 March 2025 exceeded management expectations, with strong margin expansion in the second half. Net debt (including leases) closed at £19.3 million, representing a significant reduction of £10.2 million compared to £29.5 million at 31 March 2024, reinforcing the Group's financial resilience and strategic flexibility.

As announced on 25 April 2025, a significant milestone was achieved with the establishment of a new partnership with BZ Commercial Finance DAC, creating a more robust financial platform that enhances both stability and strategic flexibility for future growth investment, as well as funding the recovery plan for the Group Pension Scheme.

Key financial metrics demonstrate material progress towards our medium-term objectives, with notable improvements in Return on Sales (ROS) and Return on Capital Employed (ROCE) against our strategic targets of 10% and 25%, respectively. Cash generation remained consistently strong across the period, underpinned by enhanced operational performance, disciplined working capital management and strategic capital allocation.

CTP Design & Engineering

The Design & Engineering (D&E) business has continued its trajectory of excellence, developing sophisticated, bespoke solutions that address complex customer challenges while strengthening our technical capabilities. While the finalisation of several significant projects reduced short-term revenue, strategic investments in asset revitalisation and next-generation automation technologies have established a solid foundation for sustainable operational performance improvements.

CTP Manufacturing Solutions

The strategic restructuring of US operations represents a significant achievement, culminating in the successful closure of the Tucson facility and the seamless integration of manufacturing capabilities into Pennsylvania operations. This consolidation has delivered measurable improvements in asset utilisation metrics, operational responsiveness, and manufacturing efficiency.

In EMEA, our factory specialisation strategy continues to drive competitive advantage. The strategic alignment of long-run production excellence at our UK facility, complemented by agile, medium-run capabilities at our Central European operation, has created an optimal balance of efficiency and flexibility. This configuration enables precise alignment with diverse customer requirements while maximising operational effectiveness across the EMEA market.

The APAC manufacturing platform has advanced significantly by implementing advanced multi-component moulding capabilities. This technical enhancement supports regional customers with expedited delivery timeframes and substantially reduced supply chain complexity in key growth markets.

The Group's deployment of standardised manufacturing platforms across its global operations provides significant strategic resilience against ongoing geopolitical uncertainties. This approach enables production flexibility and rapid reallocation capabilities, positioning Carclo to navigate regional disruptions while maintaining continuity of supply for multinational customers - a competitive advantage in today's complex global trade environment.

Speciality Division

Integrating Aerospace and Light & Motion operations into a consolidated Speciality Division has delivered exceptional results, achieving record revenue performance and near-peak profitability. This success reflects robust market demand and the strategic refocusing of the product portfolio toward higher-value precision solutions.

Particularly noteworthy is the strategic transformation of precision machining capabilities, which now constitute 62% of the division's output compared to 27% three years ago. The strategic focus on the Repair, Maintenance, & Overhaul (RMO) sector, combined with targeted expansion of machining capabilities across UK and French operations, has generated exceptional compound annual growth in this high-value segment.

The Aerospace sector has demonstrated robust momentum, with medium-term strategic expansion into South Asian markets complementing established operations. This geographical diversification strategy, underpinned by a commitment to precision engineering excellence, positions the division for continued sustainable growth in these premium market segments.

Outlook

The Group is well positioned to build upon its positive trajectory, notwithstanding an increasingly complex global backdrop. Heightened geopolitical tensions, evolving trade dynamics, and continued volatility in raw material costs will remain key factors influencing global supply chains.

Under the Group's strategic leadership over the past two years, Carclo has built a flexible global manufacturing network underpinned by unified "One Carclo" global standards. Our deliberate strategy of "manufacture in the region, for the region" - combining regional resilience with globally consistent quality and service - positions the Group to react quickly and effectively to geopolitical shifts, trade barriers, and evolving customer requirements. In an increasingly fragmented world, Carclo's model is not only resilient but a clear competitive differentiator.

Further margin enhancement is anticipated as the full benefits of operational optimisation initiatives materialise across all business units. Disciplined approach to cash management and the ongoing operational excellence programme are expected to drive sustained financial resilience and strategic flexibility.

Growth in the medium-term will focus on accelerating expansion in the Life Sciences sector, where demand for high-precision solutions continues to grow, alongside continued strong momentum in our Speciality Division, particularly across aerospace and optical applications. These initiatives are fully aligned with our strategic ambition to drive sustainable top-line growth and deliver enduring value for all stakeholders.

We will provide further details in our full-year results for the year ended 31 March 2025, which will be released in July 2025.

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About Carclo plc

Carclo plc is a public company whose shares are quoted on the Main Market of the London Stock Exchange. The Carclo Group is a global leader in high-precision components with comprehensive, end-to-end manufacturing capabilities. With expertise spanning mould design, automation, production, assembly, and printing, Carclo supports critical growth sectors, particularly life sciences, aerospace, and optics, with tailored, precision solutions.

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