

# Carclo

Trading update

## FY19 expectations unchanged despite slow first half

Carclo has announced that three new medical programmes were delayed by customers during H119 and that while these programmes had all entered production successfully by the end of the period, the delays resulted in H119 underperformance for the Technical Plastics division (CTP). Although the LED division performed in line with management's expectations and the smaller Aerospace division beat expectations, H119 trading for the group as a whole was below management's expectations. Since management expects to correct the first half shortfall in the second half, we leave our estimates unchanged.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
03/17	138.3	11.0	12.1	0.0	7.1	N/A
03/18	146.2	9.1	9.8	0.0	8.8	N/A
03/19e	147.7	11.0	11.4	0.0	7.5	N/A
03/20e	157.8	12.1	12.5	3.9	6.9	4.5

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, share-based payments.

For CTP, the second-half sales recovery is based on the three new medical programmes ramping up, together with planned new tooling programmes. Management expects margins to benefit from the positive impact of the operational improvement programme that was instigated earlier this calendar year. This involves a wide range of measures including negotiating price increases, and implementing cost-savings and efficiency improvements.

For the LED division, the second-half upswing includes design and development revenues from two mid-volume electric vehicle programmes that were awarded during H119. H119 margins were adversely affected because all of the new vehicle production programmes planned for FY19, with their attendant start-up inefficiencies, commenced during this half. Management expects divisional margins to improve during H219 as production on these programmes accelerates. We note that these new programmes give good visibility of production volumes over the medium term. Wipac is well positioned to win work on electric vehicles because of its expertise in creating lightweight lighting systems for luxury cars.

Tech hardware & equipment

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**Price** 86.0p  
**Market cap** £63m

Net debt (£m) at end March 2018	31.5
Shares in issue	73.4m
Free float	91.8%
Code	CAR
Primary exchange	LSE
Secondary exchange	N/A

### Share price performance



### Business description

Carclo is a specialist in high-precision plastic moulding principally in healthcare, optical and automotive applications. Its two main end-markets are high-volume medical consumables and low-volume, very high-value automotive lighting, typically for supercars.

### Analysts

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