PRESS RELEASE
FOR RELEASE 07.00 **13 November 2013**

Brammer plc
Interim Management Statement

Brammer plc, Europe's leading distributor of quality industrial maintenance, repair and overhaul products ("MRO"), today issues its Interim Management Statement for the period from 1 July 2013 to date.

Key Highlights

- Following an improvement in June, Manufacturing Output in the Euro Area 17 declined in July despite PMI indicators and has been broadly flat throughout the third quarter resulting in lower than anticipated sales
- Gross margin up 100 basis points July to October, and up 100 basis points year to date
- Focus on Key Accounts, Insites and cross-selling underpins significant continuing market share gains over this period
- Targeted synergy benefits arising from the integration of Buck & Hickman have been met – one year early
- Cross-selling of tools and general maintenance products on track
- 7 pan-European Key Accounts won, making 11 in the year to date with total potential revenues in excess of €65 million per annum
- Full year cash flow and net debt remain in line with expectations

Trading

Following an improvement in June, Manufacturing Output in the Euro Area 17 declined in July and has been broadly flat throughout the third quarter. Accordingly, sales in the four month period (1 July to 30 October) of around £220m (at an exchange rate of €1.18) were approximately £10m lower than management's expectation resulting in trading profit contribution being in the region of £3m less than expected. However, we saw a welcome improvement in activity in October, suggesting the much heralded PMI and other sentiment indicators may have been correctly portending a modest recovery trend, albeit rather later than we would have expected.

During the four-month period sales per working day ("SPWD"), at constant currency rates were up 0.3% versus the same period last year. The table below shows the progression in SPWD over the period.

	Four months Jul-Oct 2013	Quarter Three 2013	October 2013
	Growth rates (%)		
SPWD			
UK	1.7	0.3	5.8
Germany	-0.7	-0.6	-1.0
France	-6.1	-6.2	-5.8
Spain	11.0	9.7	18.1
Benelux	3.5	1.4	9.6
Rest of Europe	-1.8	-2.9	1.1
Total group	0.3	-0.7	3.0

The integration of Buck & Hickman continued ahead of plan and the forecast synergy benefits will be achieved in 2 years, one year ahead of schedule. In the group, our cross-selling initiatives throughout the four-month period have continued to deliver satisfactory results with fluid power up 8.7% and tools and general maintenance overall 7.7% higher; tools and general maintenance sales on the continent were up 29.7%. Bearing sales were 4.6% lower reflecting the difficult market conditions, whilst overall non-bearing sales were up 3.5%.

Key Account sales in constant currency terms, representing 53.6% of revenues, were up 8.7% overall during the four-month period with good growth in food and beverage (up 11.9%), metals (up 25.0%), and fast moving consumer goods (up 4.8%). A further 7 pan-European Key Accounts were won in the period making 11 in the year to date, with total potential incremental revenues exceeding €65 million per annum.

Gross profit margins for the July to October period have risen by 100 basis points, and are up 100 basis points year to date against the prior year. For the full year, cash flow and net debt remain in line with our expectations.

Outlook

Whilst trading conditions have been less favourable than expected, there are signs of a modest recovery in manufacturing in some important markets. Our strategy of focusing on Key Accounts, Insites and cross-selling initiatives underpins our growth momentum, driving profitable market share gains for the medium and longer term.

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