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**PRESS RELEASE**

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# Brammer plc

## Interim Management Statement

Brammer plc, the leading pan-European added value supplier of industrial maintenance, repair and overhaul product solutions, today issues its Interim Management Statement for the period from 1 January 2014 to date. The figures in this statement cover the four month period to 30 April 2014.

### Highlights

- Trading in line to deliver management's full year expectations
- Gross margin up 20 basis points
- Focus on Key Accounts, Insites™ and cross-selling underpins continuing market share gains
- 3 pan-European Key Accounts won
- Continental European Tools and General Maintenance growth on plan
- Lönne Holding AS ("Lönne"), acquired on 14 January 2014, performing well
- Successful share placing, raising £52.4m to support ongoing acquisition strategy
- Acquisition pipeline remains strong; five small acquisitions completed in April and May to date with annualised revenues of €28m and total consideration of €7.7m
- Cash flow and net debt remain in line with expectations

### Trading

Despite only modest improvement in economic conditions across Europe, we have continued to gain market share. Overall sales, excluding Lönne, at constant currency were up 4.6% year on year which represents a resilient performance. Sales including Lönne were up 12.1% year on year. Gross profit margins continued to improve, up 20 basis points year on year, and costs remain under control. In accordance with our strategy, we continue to invest in the development of Tools and General Maintenance and Key Accounts. As a result, we are on track to meet our full year expectations although we continue to anticipate a greater weighting to the second half reflecting trading momentum in the year to date.

Sales per working day (SPWD) for the group, excluding Lönne, were 4.9% above the prior year. Total SPWD grew by 13.4%. In the UK (which includes sales from Iceland, Norway and Ireland), SPWD were broadly flat, mainly due to a small number of large customers reducing spend in the first four months of the year. We expect growth to recover in the UK in the second half. In continental Europe, SPWD increased by 7.8% in Germany (which includes sales from Austria), 2.0% in France, 14.8% in Spain, 8.0% in the Benelux, and by 21.9% in the rest of Europe (which now include our revenues from Saudi Arabia).

Key Account sales in constant currency terms were up 9.0%, with continued good growth in food and beverage (up 12.7%), metals (up 68.4%), and automotive (up 15.6%). Key Accounts now represent 56.7% (prior year 52.8%) of total sales, excluding Lönne. Three new pan-European Key Accounts with total potential annual revenues of around €10 million were won in the period. Non Key Account revenues declined 0.7% which represented a significant improvement on the prior year period which saw a fall of 9.3%. The implementation of Insites™ continued at a good pace with 29 new Insites opened in the year to date, taking the total, after 23 closures, to 389.

Bearing sales were down 1.4%, broadly reflecting the market, whilst overall non-bearing sales were up 6.5%. Non-bearing sales development continued to be driven by growth in Tools and General Maintenance of 5.3% overall and 54.4% in continental Europe. Fluid Power sales were up 9.1%.

Cash flow and net debt remain in line with expectations (taking into account the effect of the share placing) and we have reduced inventory by £7.9 million over the four month period.

On 14 January 2014 the group acquired 100% of Lönne, a leading distributor of industrial products operating predominantly in Norway and Sweden, for an initial cash consideration of NOK 190.1 million (£19.0 million) together with net debt assumed on completion of NOK 188.1 million (£18.8 million). The integration of Lönne into the group is progressing well and the business is performing up to expectations.

In April the company placed 11.3 million shares at a price of 475p per share, representing 2.66% discount to the prevailing market price. The placing was 1.85 times oversubscribed and raised a net £52.4 million after expenses to provide the group with the capability to pursue value enhancing acquisition opportunities. Five small acquisitions were completed during April and May to date with total annualised revenues of €28 million for a total consideration of €7.7 million. Our acquisition pipeline remains strong and is growing.

**Outlook**

We remain on track to meet our full year expectations although we continue to anticipate a greater weighting to the second half reflecting momentum in the year to date.

Despite continued tough economic conditions, the Board is confident that Brammer's proven strategy of focusing on Key Accounts, Insites™ and cross-selling will enable it to continue to gain significant market share and deliver profitable growth.


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