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Brammer plc
Trading Update – July to October 2015

Brammer plc, Europe's leading distributor of quality industrial maintenance, repair and overhaul products ("MRO"), today issues the following Trading Update for the period to 31 October 2015.

Key Highlights

- Revenue at constant currency for the four month period 2.7% higher, and 5.7% higher year to date
- Reduced UK performance, particularly in Tools and General Maintenance ("T&GM") in October due to further deterioration in steel and aerospace sectors which is forecast to continue
- Further deterioration of Nordics in oil and gas in October due to weakness in oil and gas
- The cost reduction programme implemented in H1 has been extended in H2.
- Organic* SPWD growth in continental Europe (excluding Nordic region) up 5.7%
- Gross margin improved in the period from 30.5% in the first half to 31.4% despite growth in lower margin Key Accounts and our T&GM product range

* at constant currency including incremental growth of acquisitions made in 2014
** operating profit pre amortisation of acquired intangibles, acquisition related costs and exceptional items

Outlook

Our markets remain challenging, with a significant deterioration in the UK, and we do not expect this to change in the immediate future. Full year profits will be lower than last year, reflecting testing market conditions and FX headwinds. We now expect full year underlying profit before tax for 2015 to be approximately £28 million. Adverse translational exchange rate movements expected to reduce Group full year revenue by approximately £43 million and underlying** operating profit by £2.5 million. In addition, we expect to incur an exceptional charge for the full year of £6 million as part of our cost initiatives to save £5 million against prior year.

Looking ahead, we will continue to focus on our growth drivers, on recovering momentum in our UK business, improving profitability in our Nordic business, and ensuring our cost saving actions protect profitability. Our vending proposition has gained momentum and we expect this programme to be an important growth driver in the years to come.

Trading (4 months to 31 October)

SPWD growth at constant currency	total % growth year on year including 2014 acquisitions	% growth incl. only incremental growth from 2014 acquisitions
UK	**-2.9%**	**-4.0%**
Germany	6.0%	6.0%
France	4.5%	4.5%
Spain	20.5%	13.8%
Benelux	8.5%	4.5%
Eastern Europe & Other	20.6%	2.1%
Continental Europe (excl Nordic)	**10.8%**	**5.7%**
Nordic	**-15.7%**	**-17.6%**
Total	**3.5%**	**0.2%**

During the four-month period total sales per working day ("SPWD"), at constant currency rates were up 3.5% versus the same period last year, up 5.8% year to date. Including only the incremental growth from the bolt-on acquisitions made in 2014 (see table above), total SPWD growth was 0.2%, and 1.1% year to date.

Growth in continental Europe (excluding Nordic region) in the four-month period was 10.8% (5.7% organically), and 12.6% year to date (5.6% organic). SPWD in our UK segment were down -4.0% organically reflecting difficult market conditions particularly in the steel industry. In the Nordic segment, SPWD reduced by 15.7% in the four-month period (17.6% reduction on organic basis), and by 8.2% year to date (15.6% reduction on organic basis) reflecting continuing weakness in the markets in the region, particularly in demand from customers in the oil and gas sectors.

Gross margin was 31.4%, up from 30.5% in the first half despite growth in the lower margin Key Account channel and in our Tools and General Maintenance product range.

Following a slower than anticipated start to the year a major cost reduction programme was launched at the end of the first quarter. This programme has been extended in H2 and is expected to save £5 million of costs in 2015 compared with prior year whilst incurring an exceptional charge of around £6 million for the full year (£3.6 million taken at H1).

The continued strengthening of Sterling against the Euro and also against the Nordic currencies is adversely impacting the Group's results at actual exchange rates. The expected effect on reported full year results is an adverse impact of £43 million on revenue and £2.5 million on underlying operating profit. We now expect full year underlying profit before tax to be approximately £28 million.

Investment in our growth drivers is delivering market share gains and will continue as planned.

At constant currency	4 months to October 2015		
	SPWD growth (%)	Revenue growth (%)	Revenue (£m)
Total group (including acquisitions)	3.5	2.7	246.2
Bearings	4.7	4.1	47.4
Non-bearings	3.3	2.6	198.8
of which Tools & Maintenance	*-4.2*	*-5.1*	*52.9*
of which continental T&GM (excl. Nordics)	*97.6*	*97.1*	*21.4*
Key Accounts	4.4	3.6	132.7
Base business	2.7	2.0	113.5

Key Account SPWD growth in constant currency terms, representing 53.9% of total revenue, was 4.4% in the period, and 6.8% year to date. Down trading by a small number of large Key Accounts continues to affect growth.

Bearing SPWD overall grew 4.7% in the period, whilst overall non-bearing SPWD growth was 3.3%, and 6.4% year to date. Total Tools & General Maintenance sales decreased by 4.2% in the period, and is up 4.7% year to date. The SPWD growth rate of these products on the Continent was 97.6% in the period, and 79.7% year to date.

Vending

The Invend™ programme continues to gain traction. We now have 120 employees supporting the vending initiative and, as at 31 October, had 1,167 machines installed in 16 countries, and an order book of 286 machines, with 378 agreements for 881 machines signed in 2015. Sales in the period to customers with vending were £31.9 million, up 25.8% on the same period last year.

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