

**H C SLINGSBY PLC**  
**(“Slingsby” or the “Company” or the “Group”)**

**Audited Results for the year ended 31 December 2017**

**Statement by the Chairman**

**Board Composition**

Following the Board changes in 2016, I remain as Interim Executive Chairman. We continue to seek to appoint a non-executive chairman and to search for an additional new non-executive director. Although we have identified a number of highly suitable candidates, this is proving to be more protracted than anticipated due to the ongoing uncertainty regarding the pension fund commitments.

**Results**

In the half year statement, I reported an operating profit of £0.29m on sales of £9.9m. The full year operating profit (before exceptional items) was £0.56m (2016: operating loss of £0.26m) on sales of £19.2m (2016: £18m). The Group increased sales by 7% and reduced overheads leading to a profit before taxation and exceptional items of £0.2m (2016: loss of £0.6m). This represents a significant turnaround and would have resulted in a profit before taxation being reported for the first time since 2012.

However, during December 2017, we commissioned a valuation of the freehold property at Baildon. This valuation was £1.22m lower than the carrying amount of the property held on the balance sheet and accordingly we decided that it was appropriate to impair the property. This impairment is shown as an exceptional item in the profit and loss account. This non-cash charge is disappointing to report as it results in a loss before tax of £1m (2016: £0.7m) which does not reflect the much improved performance of the Group.

ESE Direct Limited (“ESE”) contributed £6.8m of sales (2016: £6.5m) and profit before tax and management charges of £0.4m (2016: £0.2m). The improved profitability of ESE reflects an increase in sales and also a reduction in overheads and an improvement in the margin from actions to further integrate the businesses.

Group earnings before interest, tax, depreciation and amortisation (“EBITDA”) in the year ended 31 December 2017 was £1m (2016: £0.27m) before exceptional items. Net debt at 31 December 2017 was £1.6m (2016: £1.7m).

**Dividend**

In view of the loss in 2017 and the uncertainty around the pension fund commitments, the Board is unable to recommend a final dividend for the year (2016: £nil).

**Pension Scheme**

We remain in discussion with the Trustee of the defined benefit pension scheme regarding a long term solution to the deficit. During 2017, the Company made no deficit reduction payments (2016: £0.27m). At 31 December 2017, the pension scheme deficit decreased by £1m to £8.6m (2016: £9.6m). This improvement in the pension scheme position together with the pre-exceptional profit before taxation has mitigated the impact on the balance sheet of the freehold property impairment, such that Group net assets remain almost unchanged from the position at 31 December 2016.

As discussions regarding the pension position are ongoing and whilst during this time the Company is not paying deficit reduction contributions, there is uncertainty as to the quantum and timing of future payments to the scheme.

**Recent Trading**

In Q1 of 2017, the Group benefitted from several unusually large orders which were received in 2016. These large orders have not recurred in 2018 and as such Group sales in the 3 months to 31 March 2018 are 6% below prior year. Group sales growth in Q1 of 2017 against the same period in 2016 was 10% providing a strong comparative. Group sales in Q1 of 2018 are 3% higher compared with the same period in 2016. Group order intake for the four months to 30 April 2018 is 1% up on the prior year.

The market remains competitive and whilst we consider that the Group is on a stronger footing due to the changes in marketing strategy, which includes a renewed focus on product development, and from synergies realised, we are cautious regarding the outlook.

Finally, I would like to thank our staff across the Group for their efforts in 2017. Our performance to date in 2018 continues to provide grounds for optimism but we must maintain our focus to build on what has been achieved.

**D. S. Slingsby**

Interim Executive Chairman

4 May 2018

For further information, please contact:

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## Audited Consolidated Income Statement for the year ended 31 December 2017

	Note	2017 (Audited) £'000	2016 (Audited) £'000
Revenue		19,240	18,044
Operating profit/(loss) before exceptional items		557	(261)
Exceptional items	2	(1,221)	(102)
Operating loss		(664)	(363)
Finance costs		(331)	(369)
Loss before taxation		(995)	(732)
Taxation		(62)	76
Loss for the year attributable to owners of the parent		(1,057)	(656)
Basic and diluted loss per share	4	(105.7p)	(65.6p)

## Audited Consolidated Statement of Comprehensive Income and Expense for the year ended 31 December 2017

	2017 (Audited) £'000	2016 (Audited) £'000
Loss for the year	(1,057)	(656)
<b>Items that will not be classified to profit or loss:</b>		
Re-measurements of post-employment benefit obligation	1,276	(1,555)
Movement in deferred tax relating to retirement benefit obligation	(246)	280
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Exchange adjustment	8	31
Other comprehensive income/(expense)	1,038	(1,244)
Total comprehensive expense for the year attributable to equity shareholders	(19)	(1,900)

