

Dewhurst Group plc

Interim Results for the 6 months ended 31 March 2023

Directors' Interim Report

FIRST HALF

The Group is rising to challenges presented by the new inflationary environment in all our major markets. We are pleased to report improved results with increased profit before tax and revenue figures for the first half of the current financial year, but lower margins on sales. Overall, Group revenue increased by 12% to £30.4 million (2022: £27.1 million) and operating profit increased 4% to £4.0 million (2022: £3.8 million), while profit before tax increased 8% to £4.0 million (2022: £3.7 million) and earnings per share improved to 32.1p (2022: 28.4p). First half currency movements increased Group revenue and profit by 4%.

Lift Division sales grew in most regions, led by a strong performance in Canada and the USA, but the lull in major projects in Sydney continued through the first half. There was a modest recovery in Keypad sales, but these continue to be quite volatile and unpredictable from month to month. Overall Transport sales were fairly similar to the previous year, but rail infrastructure spending was down offset by a strong performance on highways products.

The Group balance sheet remains strong with cash at the period end of £22.6 million (2022: £19.9 million).

OUTLOOK

In North America the underlying market remains strong, although there are signs that the second half of this financial year may be impacted by a slowing of orders and customer approvals to proceed. Orders in Australia are reasonable, but we are still expecting it will take time for these orders to filter through to sales as continuing customer labour constraints are leading to some project delays. The UK has remained surprisingly steady given the economic backdrop, but may tail off later in the year as the impact of interest rate rises start to bite on the economy. We have better control this year on dealing with cost increases and all companies are focussed on trying to mitigate their impact. However, we are not able to pass all increases on to customers, so we are continuing to see margins squeezed. Recruitment challenges have eased a little in most of our markets and material availability has improved. As a result we have been able to reduce our abnormally high stock holdings, without a detrimental effect on service levels.

DIVIDENDS

The Directors have declared an increased interim dividend of 4.75p per ordinary share (2022: 4.50p) which amounts to £384,000 (2022: £364,000). The interim dividend is payable on 15 August 2023 and will be posted on 10 August 2023 to shareholders appearing in the Register on 7 July 2023 (ex-dividend date being 6 July 2023).

A final 2022 dividend of 10.25p (2021: 9.75p) which amounted to £828,000 (2021: £788,000) was approved at the AGM held on 14 February 2023 and was paid on 22 February 2023 to members on the register at 20 January 2023.

By Order of the Board

J C SINCLAIR

Chief Financial Officer & Secretary

23 June 2023

Dewhurst Group plc

The unaudited consolidated statement of comprehensive income, statement of financial position, statement of changes in equity and cash flow statement of Dewhurst Group plc and its subsidiaries for the half-year ended 31 March 2023, as compared with the corresponding half-year ended 31 March 2022 and the year ended 30 September 2022, shows the following results:

Consolidated statement of comprehensive income

	Half year ended 31 March 2023 £000's	Half year ended 31 March 2022 £000's	Year ended 30 Sept 2022 £000's
Continuing operations			
Revenue	30,379	27,050	57,565
Operating costs	(26,423)	(23,232)	(50,269)
Adjusted operating profit	3,956	3,818	8,818
Cyber attack remediation costs	–	–	(1,522)
Operating profit	3,956	3,818	7,296
Finance income	181	12	64
Finance costs	(95)	(102)	(191)
Profit before taxation	4,042	3,728	7,169
Taxation	Est. (1,448)	Est. (1,436)	(2,051)
Profit for the financial period	2,594	2,292	5,118
Other comprehensive income:			
Actuarial gains/(losses) on the defined benefit pension scheme	Est. (1,453)	Est. 3,879	1,887
Deferred tax effect	363	(970)	(472)
Current tax effect	Est. 218	Est. 159	200
Total that will not be subsequently reclassified to income statement	(872)	3,068	1,615
Exchange differences on translation of foreign operations	(3,236)	1,414	3,563
Total that may be subsequently reclassified to income statement	(3,236)	1,414	3,563
Other comprehensive income/(expense) for the period, net of tax	(4,108)	4,482	5,178
Total comprehensive income for the period	(1,514)	6,774	10,296
Profit for the period attributable to:			
Equity shareholders of the company	2,532	2,179	4,849
Non-controlling interests	62	113	269
	2,594	2,292	5,118
Total comprehensive income for the period attributable to:			
Equity shareholders of the company	(1,425)	6,578	9,867
Non-controlling interests	(89)	196	429
	(1,514)	6,774	10,296
Basic and diluted earnings per share	32.10p	28.36p	60.00p
Dividends per share	4.75p	4.50p	14.75p

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Consolidated statement of financial position

	Half year ended 31 March 2023 £000's	Half year ended 31 March 2022 £000's	Year ended 30 Sept 2022 £000's
Non-current assets			
Goodwill	9,672	9,890	10,105
Other intangibles	17	24	19
Property, plant and equipment	17,573	18,207	19,147
Right-of-use assets	2,159	2,625	2,473
Deferred tax asset	262	–	118
	29,683	30,746	31,862
Current assets			
Inventories	7,377	7,011	7,931
Trade and other receivables	12,475	12,116	12,318
Current tax asset	–	–	281
Cash and cash equivalents	22,590	19,854	21,764
	42,442	38,981	42,294
Total assets	72,125	69,727	74,156
Current liabilities			
Trade and other payables	7,618	7,703	7,783
Current tax liabilities	319	156	–
Short-term provisions	343	344	344
Lease liabilities	501	470	505
	8,781	8,673	8,632
Non-current liabilities			
Retirement benefit obligation	2,377	219	1,798
Deferred tax liabilities	–	10	–
Lease liabilities	1,894	2,359	2,193
Total liabilities	13,052	11,261	12,623
Net assets	59,073	58,466	61,533
Equity			
Share capital	808	808	808
Share premium account	157	157	157
Capital redemption reserve	329	329	329
Translation reserve	1,980	2,992	5,065
Retained earnings	54,357	52,672	53,525
Total attributable to equity shareholders of the company	57,631	56,958	59,884
Non-controlling interests	1,442	1,508	1,649
Total equity	59,073	58,466	61,533

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Consolidated statement of changes in equity

For the period ended 31 March 2023

	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Translation reserve £(000)	Retained earnings £(000)	Non controlling interest £(000)	Total equity £(000)
At 30 September 2022	808	157	329	5,065	53,525	1,649	61,533
Exchange differences on translation of foreign operations	–	–	–	(3,085)	–	(151)	(3,236)
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	(1,453)	–	(1,453)
Deferred tax effect	–	–	–	–	363	–	363
Tax on items taken directly to equity (Est.)	–	–	–	–	218	–	218
Dividends paid	–	–	–	–	(828)	(118)	(946)
Profit for the period	–	–	–	–	2,532	62	2,594
At 31 March 2023	808	157	329	1,980	54,357	1,442	59,073

For the period ended 31 March 2022

	Share capital £(000)	Share premium account £(000)	Capital redemption reserve £(000)	Translation reserve £(000)	Retained earnings £(000)	Non controlling interest £(000)	Total equity £(000)
At 30 September 2021	808	157	329	1,662	48,213	1,562	52,731
Exchange differences on translation of foreign operations	–	–	–	1,330	–	84	1,414
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	3,879	–	3,879
Deferred tax effect	–	–	–	–	(970)	–	(970)
Tax on items taken directly to equity (Est.)	–	–	–	–	159	–	159
Dividends paid	–	–	–	–	(788)	(251)	(1,039)
Profit for the period	–	–	–	–	2,179	113	2,292
At 31 March 2022	808	157	329	2,992	52,672	1,508	58,466

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Consolidated statement of changes in equity (cont'd)

For the year ended 30 September 2022

	Share capital	Share premium account	Capital redemption reserve	Translation reserve	Retained earnings	Non controlling interest	Total equity
	£(000)	£(000)	£(000)	£(000)	£(000)	£(000)	£(000)
At 30 September 2021	808	157	329	1,662	48,213	1,562	52,731
Exchange differences on translation of foreign operations	–	–	–	3,403	–	160	3,563
Actuarial gains/(losses) on defined benefit pension scheme	–	–	–	–	1,887	–	1,887
Deferred tax effect	–	–	–	–	(472)	–	(472)
Tax on items taken directly to equity	–	–	–	–	200	–	200
Dividends paid	–	–	–	–	(1,152)	(342)	(1,494)
Profit for the year	–	–	–	–	4,849	269	5,118
At 30 September 2022	808	157	329	5,065	53,525	1,649	61,533

These half-year abbreviated financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The results for the year ended 30 September 2022 set out above are abridged. Full accounts for that year reported under IFRS, on which the auditors of the Company made an unqualified report have been delivered to the Registrar of Companies.

The presentation of these Interim Financial Statements is consistent with the 2022 Financial Statements and its accounting policies, but where necessary comparative information has been reclassified or expanded from the 2022 Interim Financial Statements to take into account any presentational changes made in the 2022 Financial Statements or in these Interim Financial Statements.

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Consolidated cash flow statement

	Half year ended 31 March 2023 £000's	Half year ended 31 March 2022 £000's	Year ended 30 Sept 2022 £000's
Cash flows from operating activities			
Operating profit	3,956	3,818	7,296
Depreciation and amortisation	533	510	1,050
Right-of-use asset depreciation	251	238	509
Additional contributions to pension scheme	(919)	(683)	(1,137)
Exchange adjustments	(759)	240	738
(Profit)/loss on disposal of property, plant and equipment	(17)	(1)	(13)
	3,045	4,122	8,443
(Increase)/decrease in inventories	554	(414)	(1,334)
(Increase)/decrease in trade and other receivables	(157)	(2,108)	(2,310)
Increase/(decrease) in trade and other payables	(165)	132	212
Increase/(decrease) in provisions	(1)	1	1
Cash generated from operations	3,276	1,733	5,012
Interest paid	–	–	(1)
Tax paid	(398)	(1,031)	(1,712)
Net cash from operating activities	2,878	702	3,299
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	28	10	23
Purchase of property, plant and equipment	(298)	(309)	(789)
Development costs capitalised	–	–	(5)
Interest received	181	12	64
Net cash generated from/(used in) investing activities	(89)	(287)	(707)
Cash flows from financing activities			
Dividends paid	(946)	(1,039)	(1,494)
Repayment of lease liabilities including interest	(291)	(277)	(584)
Net cash used in financing activities	(1,237)	(1,316)	(2,078)
Net increase/(decrease) in cash and cash equivalents	1,552	(901)	514
Cash and cash equivalents at beginning of period	21,764	20,463	20,463
Exchange adjustments on cash and cash equivalents	(726)	292	787
Cash and cash equivalents at end of period	22,590	19,854	21,764

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