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NORTHLAND

CAPITAL PARTNERS LIMITED

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MORNING REPORT

ELECTRICAL COMPS & EQUIP.: HOLDERS TECHNOLOGY (HDT.L); 59.5p/£2.3m CORP FINALS: IMPROVEMENT CONTINUES INTO H2

- FY results from continuing operations were in line with forecast with revenue +4.7% to £14.3m (following the restatement to exclude the loss-making Chinese operations that were sold in January). Adjusting for the Chinese losses (£0.3m), PBT was £0.1m. Year end net cash was £1.3m and the board is proposing a 1.0p final dividend (2.0p total).
- In terms of continuing operations, the German PCB and LED divisions both made good progress. The German PCB business (+11.4% to £7.8m) took market share although pricing remains keen.
- In the UK, PCB revenue fell 19.5% to £3.3m with the contraction in the aerospace and defence sectors but tight cost control limited the operating profit decline to 1.4%. The UK LED division was impacted by the loss of a major customer and reduced revenue while the components division was restructured.
- Overall LED revenue grew 25.4% to £3.3m and represents a significant growth opportunity.
- Progress in relocating UK production facilities and strengthening of UK and German sales teams. Extended range of products and technical sophistication.
- Outlook – German PCB activities should maintain the progress previously made and UK PCB operations will benefit from a major new product range. LED operations expected further growth though H2 weighted.

Year end Nov	Revs (£m)	Adj. EBITDA (£m)	Adj. PBT (£m)	Tax (%)	Adj. EPS (p)	PER (x)	Div (p)	Net cash (£m)	Yield (%)
2012A	15.6	0.1	-0.1	NEG	-2.1	NEG	2.0	0.7	3.4%
2013A	14.3	0.2	0.1	24.7%	1.8	33.1	2.0	1.3	3.4%
2014E New	15.5	0.2	0.1	25.0%	1.8	33.1	2.5	0.5	4.2%
2014E Old	17.0	0.5	0.4	28.0%	7.0	8.5	2.5	0.3	4.2%
2015E New	16.5	0.4	0.3	25.0%	5.0	11.9	2.7	0.5	4.5%

SOURCE: Northland Capital Partners Limited.

NORTHLAND UK VIEW: H2 trading is encouraging with German operations making good progress across both PCB and LED product ranges. The UK was more mixed with the disruption to operations and the loss of a major customer. The disposal of the Chinese JV will remove a substantial drag on management time and eliminates a loss-making business. The outlook remains positive with a number of senior hires made, the broadening of the product base and the general improvement in the global economy,

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