



Trifast plc

(Trifast, TR, Company or Group)

Leading international specialist in the design, engineering, manufacture, and distribution of high quality industrial and Category 'C' components principally to major global assembly industries

"Our fastenings enable innovation today to build a better tomorrow"

TRADING UPDATE

"The future looks bright with sustained year-on-year Q4 growth and a strong pipeline across all our regions"

London, Thursday, 22 April 2021: Trifast plc issues the following unaudited Trading Update covering the Group's financial year ended 31 March 2021 ahead of the announcement of its Annual financial results.

FY2021 Highlights:

- Return to monthly year-on-year growth throughout H2, drives a resilient trading performance
- Cost saving actions help to support ongoing investments for future growth
- Strong cash generation reinforces the Group's financial position
- Balance sheet further strengthened by £16m equity raise in June 2020, providing capacity to support growth investment
- Project Atlas – review underway to prioritise speed of roll-out over total costs given the high ROI on this project
- Strong pipeline and high activity levels build confidence for the future
- M&A opportunities increase

Trading

Over the course of Q4 we have seen demand in our key end markets and regions increase on a sustained basis. Revenue growth continues to be strongest in our Europe region, more than offsetting a slower recovery in the USA. Group trading increases continued in both February and March leading to >7% year-on-year growth for Q4 overall (at constant exchange rate). As a result of this strong performance, we expect FY2021 to exit ahead of current market expectations on an underlying basis (before IFRS2 presentational changes, as noted below).

Ongoing global logistical challenges have continued to impact operations across all sectors of our business. These have included container freight issues, as well as a global shortage of steel, causing pricing and lead time pressures. We are working closely with affected customers and suppliers to appropriately manage this; however, we do expect to see some impact on buy/sell margins at least in the shorter term.

Over the course of FY2021 we have taken a series of measured cost saving actions to protect profitability. An element of this is expected to drive recurring efficiency gains, helping to offset in part those areas of the business where we plan to make targeted investments to support our ongoing growth journey for the longer term. We look forward to providing more details on this when we announce our year-end results.

As ever, we remain very grateful to the wider TR teams for all their hard work and loyalty in managing the Group's operations in these challenging times.

Project Atlas – a transformational investment to build an efficient and integrated global business

Following the successful pilot in October 2020, we are ready to begin roll-out across our distribution businesses. Our Atlas HR management system is already operating in 16 locations, helping us to better support our people around the world.

The ongoing Covid-19 travel restrictions are inevitably continuing to impact the project whilst increases in trading volumes and current logistical challenges (compounded in the UK with Brexit) are putting additional operational pressure on our underlying businesses. We remain conscious that any timetable delays will push the benefits case realisation (>25% ROI) further out, whilst also incurring ongoing project costs for a longer period of time. We recognise the importance of this project as it is a key part of our ongoing evolution, therefore, we are in the process of revisiting both the project timetable and budget together, to reach a sensible compromise that prioritises speed of delivery over total expected costs.

Summary and looking ahead

Demand has returned to our traditional end markets and we are already actively working with new and existing customers across a number of new high growth markets, including Electric Vehicle & battery technology, 5G infrastructure and healthcare.

The Group's return to sustained growth since September 2020, in addition to a very strong pipeline and high activity levels across all our key sectors, means we are looking ahead with confidence although, we remain mindful of macro level headwinds including future possible pandemic related restrictions.

Throughout FY2021 we have remained highly cash generative and we ended the year with a strong balance sheet, a net cash position and significant facility headroom. All of this will help to support the non-organic side of our growth journey, where we are already seeing both the number and quality of opportunities increasing.

Notice of Annual results

The Directors look forward to providing a further update at the time of the Group's full-year results which are scheduled to be released on Tuesday, 22 June 2021.

Notes:

Market consensus

Company compiled consensus shows market expectations of revenue c.£175m; underlying profit before tax c.£11m (before presentational changes).

Presentational changes

Sector analysis

Following a year of heightened change and technological development in our end markets, we have revisited our sector analysis in FY2021 to better reflect how we view these markets and the opportunities within them.

IFRS 2 – Share-based payment

As noted in our previous financial reporting, up until FY2021 we have presented IFRS2 share-based payment charges as separately disclosed items within administrative expenses. This was because the underlying equity award schemes that form the basis of these charges were under a period of significant development. Specifically, due to the cessation of the Board deferred equity scheme in operation until FY2017 and the introduction of annual rolling three-year Board, Operational Executive Board (OEB) and Senior Manager LTIP awards.

As the development of these schemes is now broadly complete, we intend to present these costs from FY2021 within underlying results. The impact of this on the FY2021 results is expected to be £1m - £1.5m.

Further details (including comparative analysis) for both of the above changes will be presented in the FY2021 Annual Report.

Further enquiries please contact:

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Trifast plc (TR) is an international specialist in the design, engineering, manufacture, and distribution of high quality industrial and Category 'C' components principally to major global assembly industries.

TR employs c.1,300 people across 32 business locations within the UK, Asia, Europe, and the USA including seven high-volume, high-quality, and cost-effective manufacturing sites across the world. TR supplies to over 5,000 customers in >75 countries worldwide, with no one customer representing greater than 7% of revenue. As a full-service provider to multinational OEMs and Tier 1 companies spanning several sectors, TR delivers comprehensive support to its customers across every requirement, from concept design through to technical engineering consultancy, manufacturing, supply management and global logistics.

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