METAIR INVESTMENTS LIMITED

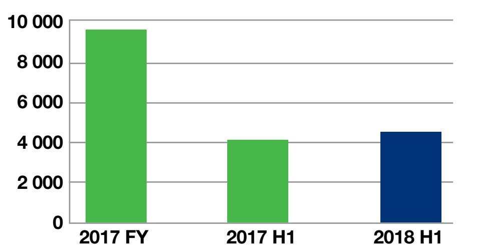
METAIR INVESTMENTS LIMITED
automotive | industrial | retail

(Incorporated in the Republic of South Africa)
("Metair" or "the group" or "the company")

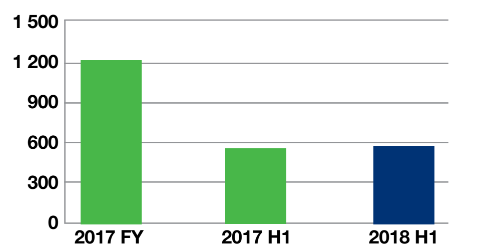
Condensed unaudited consolidated interim results for the six months ended 30 June 2018 and withdrawal of cautionary announcement

(Reg No. 1948/031013/06) • Share code: MTA • ISIN code: ZAE 000090692

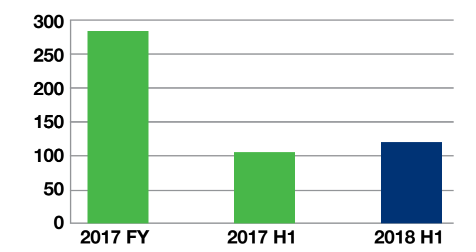
Revenue (million)



EBITDA (million)



HEPS (cents)



Headline earnings per share increased 16% to 132 cents per share compared to the previous comparative period

Revenue increased 10% to R4.5bn compared to the previous comparative period

GOVERNANCE
At Metair, governance refers to the system whereby we direct, grow and control our business and ensure accountability, transparency and honesty, with balanced focus on performance and conformance taking into account the interests of all stakeholders

Acquisition of 35% shareholding in a Li-ion startup business, namely Prime Motors in Romania. Several Li-ion projects are currently underway with OEMs which could spearhead Metair's entrance into the Li-ion market in the future

CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June 2018 R'000 Unaudited	Six months ended 30 June 2017 R'000 Unaudited	Year ended 31 December 2017 R'000 Audited
Revenue	**4 483 478**	4 075 750	9 516 657
Cost of sales	**(3 646 619)**	(3 298 663)	(7 760 976)
Gross profit	**836 859**	777 087	1 755 681
Other operating income	**100 018**	48 993	88 678
Distribution, administrative and other operating expenses	**(523 991)**	(471 187)	(996 846)
Operating profit	**412 886**	354 893	847 513
Interest income	**8 569**	15 390	26 179
Interest expense	**(89 902)**	(90 527)	(200 867)
Share of results of associates	**47 415**	41 777	102 989
Profit before taxation	**378 968**	321 533	775 814
Taxation	**(97 301)**	(81 685)	(188 242)
Profit for the period	**281 667**	239 848	587 572
Attributable to:			
Equity holders of the company	**261 691**	223 462	556 182
Non-controlling interests	**19 976**	16 386	31 390
	281 667	239 848	587 572
Depreciation and amortisation included in the above expenses	**125 360**	130 544	265 779
Operating lease rentals included in the above expenses	**18 235**	18 660	37 331
Earnings per share			
Basic earnings per share (cents)	**132**	113	281
Headline earnings per share (cents)	**132**	114	281
Diluted earnings per share			
Diluted earnings per share (cents)	**131**	112	279
Diluted headline earnings per share (cents)	**132**	113	279
Number of shares in issue ('000)	**198 986**	198 986	198 986
Number of shares in issue excluding treasury shares ('000)	**198 003**	197 986	197 970
Weighted average number of shares in issue ('000)	**198 003**	197 980	197 987
Adjustment for dilutive shares ('000)	**1 099**	1 137	1 068
Number of shares used for diluted earnings calculation ('000)	**199 102**	199 117	199 055
Calculation of headline earnings (R'000)			
Net profit attributable to ordinary shareholders	**261 691**	223 462	556 182
(Profit)/loss on disposal of property, plant & equipment – net	**(65)**	1 503	(595)
Impairment of property, plant and equipment	**300**		
Headline earnings	**261 926**	224 965	555 587

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2018 R'000 Unaudited	Six months ended 30 June 2017 R'000 Unaudited	Year ended 31 December 2017 R'000 Audited
Profit for the period	**281 667**	239 848	587 572
Other comprehensive income/(loss):			
– Actuarial gains recognised		2 585	7 116
– Foreign exchange translation movements	**(215 690)**	(111 668)	(443 988)
– Tax on other comprehensive (income)/loss		(517)	(1 546)
Net other comprehensive loss	**(215 690)**	(109 600)	(438 418)
Total comprehensive income for the period	**65 977**	130 248	149 154
Attributable to:			
Equity holders of the company	**45 722**	113 769	117 646
Non-controlling interests	**20 255**	16 479	31 508
	65 977	130 248	149 154

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 30 June 2018 R'000 Unaudited	Six months ended 30 June 2017 R'000 Unaudited	Year ended 31 December 2017 R'000 Audited
Balance at beginning of the period	**4 195 537**	4 179 573	4 179 573
Adjustment on initial application of IFRS 9 and 15 (net of tax)	**(3 963)**		
Net profit for the period	**281 667**	239 848	587 572
Other comprehensive loss for the period	**(215 690)**	(109 600)	(438 418)
Total comprehensive income for the period	**65 977**	130 248	149 154
Share option scheme	**2 167**	7 489	20 683
Vesting of share-based payment obligation:			
– Estimated taxation effects of utilisation of treasury shares		(66)	(115)
Dividend *	**(189 908)**	(153 740)	(153 758)
Balance at end of the period	**4 069 810**	4 163 504	4 195 537

* *An ordinary dividend of 80 cents per share was declared in 2018 in respect of the year ended 31 December 2017.*
An ordinary dividend of 70 cents per share was declared in 2017 in respect of the year ended 31 December 2016.

CONDENSED CONSOLIDATED BALANCE SHEET

	Six months ended 30 June 2018 R'000 Unaudited	Six months ended 30 June 2017 R'000 Unaudited	Year ended 31 December 2017 R'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	**2 522 820**	2 763 612	2 605 737
Intangible assets	**740 561**	951 646	834 572
Investment in associates	**647 454**	404 184	580 440
Deferred taxation	**1 211**	14 759	12 869
	3 912 046	4 134 201	4 033 618
Current assets			
Inventory	**1 796 102**	1 975 019	1 697 663
Trade and other receivables	**1 580 372**	1 498 799	1 669 985
Contract assets	**231 338**		
Taxation	**30 909**	14 829	32 985
Derivative financial assets	**27 799**	9 049	314
Cash and cash equivalents	**466 473**	578 337	670 653
	4 132 993	4 076 033	4 071 600
Total assets	**8 045 039**	8 210 234	8 105 218
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	**1 497 931**	1 497 931	1 497 931
Treasury shares	**(10 152)**	(10 323)	(10 152)
Share-based payment reserve	**117 964**	102 603	115 797
Foreign currency translation reserve	**(1 320 527)**	(772 330)	(1 104 558)
Equity accounted earnings reserve	**369 450**	289 053	322 388
Changes in ownership reserve	**(21 197)**	(21 197)	(21 197)
Retained earnings	**3 327 500**	2 973 385	3 275 935
Ordinary shareholders' equity	**3 960 969**	4 059 122	4 076 144
Non-controlling interests	**108 841**	104 382	119 393
Total equity	**4 069 810**	4 163 504	4 195 537
Non-current liabilities			
Borrowings	**1 161 690**	978 947	1 148 806
Post-employment benefits	**75 942**	87 897	78 724
Deferred taxation	**283 158**	324 857	298 326
Deferred grant income	**198 990**	168 650	175 440
Provisions for liabilities and charges	**54 001**	50 789	52 951
	1 773 781	1 611 140	1 754 247
Current liabilities			
Trade and other payables	**1 274 548**	1 026 343	1 235 708
Contract liabilities	**6 052**		
Borrowings	**733 559**	1 068 533	652 689
Taxation	**4 762**	34 258	29 260
Provisions for liabilities and charges	**119 418**	93 878	135 567
Derivative financial liabilities	**49**	9 571	28 862
Bank overdrafts	**63 060**	203 007	73 348
	2 201 448	2 435 590	2 155 434
Total liabilities	**3 975 229**	4 046 730	3 909 681
Total equity and liabilities	**8 045 039**	8 210 234	8 105 218
Net asset value per share (cents) attributable to ordinary shareholders calculated on number of shares in issue excluding treasury shares	**2 000**	2 050	2 059
Capital expenditure	**125 503**	86 664	220 414
Capital commitments:			
– Contracted	**38 532**	72 824	53 524
– Authorised but not contracted	**170 688**	81 773	295 949

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2018 R'000 Unaudited	Six months ended 30 June 2017 R'000 Unaudited	Year ended 31 December 2017 R'000 Audited
Operating activities			
Profit before taxation	**378 968**	321 533	775 814
Net finance costs	**81 333**	75 137	181 733
Depreciation and amortisation	**125 360**	130 544	265 779
Other non-cash items	**(89 532)**	(23 105)	4 633
Working capital changes	**(272 970)**	(539 375)	(322 855)
Cash generated from/(utilised in) operations	**223 159**	(35 266)	905 104
Interest paid	**(90 146)**	(89 968)	(207 912)
Taxation paid	**(105 848)**	(58 739)	(185 307)
Dividends paid	**(189 908)**	(153 740)	(153 758)
Dividend income from associates	**3 102**	24 060	51 937
Net cash (outflow)/inflow from operating activities	**(159 641)**	(313 653)	410 064
Investing activities			
Interest received	**8 569**	15 390	26 179
Acquisition of property, plant and equipment	**(107 068)**	(73 247)	(165 429)
Acquisition of associate	**(16 061)**		(144 302)
Net cash utilised in other investing activities	**(15 164)**	(7 185)	(15 271)
Net cash outflow from investing activities	**(129 724)**	(65 042)	(298 823)
Net cash inflow/(outflow) from financing activities	**127 292**	149 543	(88 504)
Net (decrease)/increase in cash and cash equivalents	**(162 073)**	(229 152)	22 737
Cash and cash equivalents at beginning of the period	**597 305**	617 002	617 002
Exchange losses on cash and cash equivalents	**(31 819)**	(12 520)	(42 434)
Cash and cash equivalents at end of the period	**403 413**	375 330	597 305

CONDENSED CONSOLIDATED SEGMENT REVIEW

	Revenue			Profit before interest and taxation		
	Six months ended 30 June 2018 R'000 Unaudited	Six months ended 30 June 2017 R'000 Unaudited	Year ended 31 December 2017 R'000 Audited	Six months ended 30 June 2018 R'000 Unaudited	Six months ended 30 June 2017 R'000 Unaudited	Year ended 31 December 2017 R'000 Audited
Energy storage						
Automotive						
Local	**1 602 337**	1 576 071	3 864 239	**113 885**	119 629	336 517
Direct export	**683 638**	564 978	1 670 904	**69 176**	59 013	158 350
	2 285 975	2 141 049	5 535 143	**183 061**	178 642	494 867
Industrial						
Local	**363 949**	305 713	652 211	**64 710**	45 670	92 207
Direct export	**11 152**	16 679	33 160	**1 809**	2 211	4 502
	375 101	322 392	685 371	**66 519**	47 881	96 709
Total energy storage	**2 661 076**	2 463 441	6 220 514	**249 580**	226 523	591 576
Automotive components						
Local						
Original equipment	**2 125 546**	1 860 738	3 832 194	**219 971**	157 196	357 277
Aftermarket	**243 504**	243 599	458 895	**36 600**	38 617	70 312
Non-auto	**14 086**	12 031	25 895	**325**	395	295
	2 383 136	2 116 368	4 316 984	**256 896**	196 208	427 884
Direct exports						
Original equipment		2 113	5 163		442	2 021
Aftermarket	**19 250**	17 686	37 784	**4 168**	2 717	6 966
	19 250	19 799	42 947	**4 168**	3 159	8 987
Total automotive	**2 402 386**	2 136 167	4 359 931	**261 064**	199 367	436 871
Total segment results	**5 063 462**	4 599 608	10 580 445	**510 644**	425 890	1 028 447
Reconciling items:						
– Share of results of associates				**47 415**	41 777	102 989
– Managed associates *	**(579 984)**	(523 858)	(1 063 788)	**(56 666)**	(35 833)	(99 015)
Amortisation of intangible assets arising from business acquisitions				**(13 042)**	(15 083)	(30 628)
Other reconciling items **				**(28 050)**	(20 081)	(51 291)
Total	**4 483 478**	4 075 750	9 516 657	**460 301**	396 670	950 502
Net interest expense				**(81 333)**	(75 137)	(174 688)
Profit before taxation				**378 968**	321 533	775 814

* *Although the results of Hesto Harnesses Proprietary Limited ("Hesto") does not qualify for consolidation, the full results of Hesto have been included in the segmental review. Metair has a 74.9% equity interest and is responsible for the operational management of this associate.*
** *The reconciling items relate to Metair head office companies.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated.

Basis of preparation
The condensed consolidated interim results for the six months ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. These condensed consolidated results should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the JSE Limited Listings Requirements and the requirements of the Companies Act, 71 of 2008 applicable to summary financial statements.

Accounting policies
The accounting policies applied in the preparation of the condensed consolidated interim results are in terms of IFRS and except as described below, are consistent with the accounting policies applied in the preparation of the 31 December 2017 consolidated annual financial statements. The interim results have not been reviewed or audited by the group's auditors.
The group has initially adopted IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial instruments) from 1 January 2018 and this is the first set of results where IFRS 15 and IFRS 9 have been applied. The adoption of these new standards and increased disclosures will be fully reflected in the group's consolidated financial statements as at and for the year ending 31 December 2018.
The group initially applied IFRS 15 using the modified retrospective method and recognised the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings of the period that includes the date of initial application – as of 1 January 2018. Under this transition method, the group is required to apply IFRS 15 retrospectively only to contracts that are not completed contracts at the date of initial application, with no restatement of the comparative period information.
The group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements of IFRS 9. Differences in the carrying amounts of financial assets such as trade receivables and contract assets, resulting from the adoption of IFRS 9, are recognised in retained earnings as at 1 January 2018. The effect of initially applying these standards is mainly attributed to the following:
- Earlier recognition of revenue from automotive parts sold to OEMs ('over-time' recognition).
- Recognition of revenue relating to OEM tooling supply contracts (on a 'principal' rather than 'agent' basis).
- Variable consideration and other revenue pricing adjustments for certain aftermarket distributor agreements and OEM contracts (measurement).
- An increase in impairment losses recognised on financial assets. Under IFRS 9, credit losses (impairment of trade receivables) are recognised earlier than under IAS 39 as IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model.

The net impact of the initial application of the new standards did not have a material effect on opening retained earnings or profit for the period ended 30 June 2018. The group has changed the presentation of certain amounts in the balance sheet at 30 June 2018 to reflect the terminology, reclassification and impact of IFRS 15. The most significant changes relate to recognition of contract assets for OEM automotive parts supply contracts (R202 million) and tooling supply contracts (R29 million) as well as reclassifying R30 million from provisions to inventory regarding the recovery of lead scrap.

New and revised IFRSs in issue but not yet effective
IFRS 16 – Leases (effective 1 January 2019) – The group anticipates that the application of IFRS 16 will have an impact on amounts reported, resulting in the recognition of right-of-use assets and lease liabilities in respect of lease payments. A detailed review of the potential impact of IFRS 16 is ongoing. As at 31 December 2017, the group has non-cancellable operating lease commitments of R76 million. These contracts are in the process of being individually analysed.

Contingencies
There has been no material change in the group's contingent liabilities since period-end.

Borrowings
During the period the group repaid borrowings of R20.5 million (2017: R48.8 million) and raised borrowings of R147.8 million (2017: R198.4 million).

Post-balance sheet events
There has been no material change since period-end.

Changes to the board of directors and committees of Metair
Mr JG Best, an independent non-executive director of the company, was appointed as lead independent director, with effect from 30 November 2017.
Mr B Mawasha was appointed as an independent non-executive director and member of the company's audit and risk committee, with effect from 1 March 2018.
Mr L Soanes resigned as a member of the company's audit and risk committee, with effect from 1 March 2018.
Mr RS Broadley was appointed as a member of the investment committee, with effect from 30 May 2018.
Messrs SG Pretorius and L Soanes were appointed as members of the social and ethics committee, with effect from 14 June 2018.
Ms J Gressel and Mr MC Mahlanu resigned as members of the social and ethics committee, with effect from 25 July 2018.

Withdrawal of cautionary announcement
Shareholders are referred to the cautionary announcement published on SENS on Friday, 1 June 2018 and the subsequent update and renewal of the cautionary announcements published on SENS on Monday, 25 June 2018 and Monday, 2 July 2018, in relation to the potential acquisition of Tovarna Akumulatorskih Baterij d.d. ("TAB"), (the "Potential Transaction").
As mentioned below in the interim results commentary, the board has prioritised the continued focus on maintaining Mutlu's good performance and therefore the company has decided to terminate negotiations in regard to the Potential Transaction. Accordingly, shareholders are no longer required to exercise caution when dealing in the company's securities.

The interim results presentation will be available on the company's website (www.metair.co.za) and an investor and analyst audio webcast of the presentation will be broadcast on Thursday, 16 August 2018 at 14h00 (SAST). The audio webcast can be accessed through http://www.corpcam.com/Metair16082018. Alternatively a telephone conference call facility will be available at 14h00 (SAST) on Thursday, 16 August 2018 in South Africa on 011 535 3600 / 010 201 6800 or internationally on +27 11 535 3600 / +27 10 201 6800.

REGISTRARS
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Rosebank, 2196

SPONSOR
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INVESTOR RELATIONS
Instinctif Partners

Signed on behalf of the Board in Johannesburg on 15 August 2018

SG Pretorius – Chairman

CT Loock – Managing Director

The condensed consolidated interim results were produced under the supervision of Mr S Douwenga (Finance Director) BCom (Hons), CA(SA).

EXECUTIVE DIRECTORS: CT Loock (Managing); S Douwenga (Finance)
INDEPENDENT NON-EXECUTIVE DIRECTORS: SG Pretorius (Chairman); JG Best (Lead Independent Director); RS Broadley; L Soanes*; TN Mgoduso; PPJ Derby, G Motau; B Mawasha
COMPANY SECRETARY: SM Vermaak *British

INTERIM RESULTS COMMENTARY

Metair is pleased to announce a good result that is in line with our positive outlook statement as provided to the market at the time of releasing the 2017 full year results.
The interim results reflect an increase of 10% in revenue for the first half of the year to R4 483 million from R4 076 million in the previous comparative period.
Headline earnings per share outperformed the growth in revenue and increased by 16% to 132 cents per share for the period, compared to 114 cents per share for the previous comparative period.
Both the Energy and Automotive Components Verticals performed well in the first half of this year. Our Energy business, Mutlu Akü, in Turkey ("Mutlu") grew by 25.3% totally offsetting the devaluation of 17% in the average value of the Turkish Lira ("Lira") against the South African Rand ("Rand") compared to the previous period. This growth was mostly on the back of the increase in automotive battery exports and local industrial cell demand.
The Automotive Components Vertical enjoyed production and labour stability combined with volume growth, and managed to achieve forex neutrality in a volatile currency environment delivering an excellent 31% increase in earnings.

RESULTS
Group operating profit therefore improved by R58 million, or 16%, and the group operating margin improved to 9.2% compared to 8.7% during the previous comparative reporting period. Group earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by R58.4 million, or 11%, to R585.7 million.
Net interest charges increased to R81.3 million from R75.1 million due to higher interest rates in Turkey. The effective tax rate rose marginally to 25.8%.
Net working capital levels improved by R122 million to R2.3 billion. The net debt/EBITDA ratio strengthened to 1.2 from 1.4 times. The group continues to comply with all of its lenders' covenants.

Energy Vertical
Mutlu
The ability of Metair's lead acid battery business in Turkey to overcome the Lira devaluation and consequently to improve its contribution in Rand earnings, was a key focus area in this period.
It is very pleasing that Mutlu achieved a 25.3% improvement in its operating profit from R88 million to R111 million in the period, and 51% in local currency terms. Mutlu's exports grew by 28% to 339 000 units while industrial sales grew to 97.3 Mwh, a 83% increase due to contractual business secured.
Although the local aftermarket business in Turkey declined as a result of a warmer than normal winter, excellent focus on cost control and improvements in the export market and industrial demand, mitigated all of the challenges.
In regards to the geopolitical risk environment, it is encouraging to note that the State of Emergency imposed post the failed attempted coup in Turkey, came to an end. Although the regional geopolitical conditions improved during the period, the international trade environment is challenging. Post the results period, the Lira exchange rate worsened dramatically.

First National Battery in South Africa ("FNB")
FNB's approach in the South African market to balance our continued support to all energy sector customers – OEM, mining, industrial, standby and retail over the past three years was challenging as most of our customers in these sectors experienced difficult economic times.
An increased focus on manufacturing and marketing efficiencies, whilst also investing in promoting the FNB brand and retail network, combined with customer focused improvement plans to increase localisation, sustained profitability.
We are very pleased that FNB delivered an improvement in profits in the period. R18 million extraordinary expenditure invested in our brand, OEM customers and retail network.

Consolidated Energy Vertical
The consolidated Energy Vertical business improved PBIT during the period to R250 million from R227 million in the previous comparative period, while return on invested capital ("ROIC") also improved to 16.7%.
Overall margins showed a slight increase from 9.2% to 9.4%. The warmer winter conditions in Europe and Turkey impacted negatively on higher margin automotive aftermarket sales in the first quarter of 2018. Overall automotive volumes improved marginally, due to higher export volumes which offset the impact of the warmer seasonal effect.
The Energy Storage Vertical results were negatively impacted by foreign currency translation effects as the Lira devalued on average 17% against the Rand from the previous comparative period. Operationally however, Mutlu increased local earnings by 51%.
Metair's lead acid battery business in Romania, which is exposed to the same seasonal market as Mutlu, managed to maintain its performance with increased exports.

Consolidated Automotive Components Vertical
Positive sentiment and exports, especially in the light commercial vehicle market, combined with some customer passenger vehicle export programmes, increased Metair's specific OEM customers' exposure and resulted in an improved production volume scenario.
The higher volumes combined with a stable manufacturing environment increased the PBIT contribution from R199 million to R261 million.
All of the automotive components businesses improved efficiencies, as production volumes of Metair's main customers increased from last year. A further contributing factor to the 12.5% turnover growth in the Automotive Components Vertical for the period was the continued expansion and deepening of localisation, and therefore the parts we manufacture for our customers.

Technology Shifts
During the period under review Metair obtained a 35% shareholding in a Li-ion startup business namely Prime Motors in Romania for R16 million. Our partner, Prime Motors, has secured a state of the art Li-ion coating and cell assembly manufacturing line during the period that will be leased to Prime Motors and installed in our facilities in Romania. Metair and Prime Motors are involved in several Li-ion projects with OEM's that could spearhead Metair's entrance into the Li-ion market in the future.

Governance
Metair remains extremely diligent in this regard and continues to challenge its approach, design and application in this area. It is of particular focus at this time as corporate South Africa is challenged on this subject taking into consideration what has happened to a number of listed companies in the past few months.
At Metair, governance refers to the system whereby we direct, grow and control our business and ensure accountability, transparency and honesty, with balanced focus on performance and conformance taking into account the interests of all stakeholders.

Strategy
A key driver of long-term sustainability and longevity in the automotive mobility and industrial space is our ability to follow the market, breathe with the market and to adjust timely to technology shifts. This requires local, international and global relevance. Metair's strategy to secure relevance will be placed in line with the external environment, operational conditions, earnings and shareholder value delivery. Given the recent and ongoing volatility in emerging market currencies, especially in Turkey, the board has prioritised the continued focus on maintaining Mutlu's good performance and therefore decided to terminate the due diligence process and negotiations in regards to the recently announced possible acquisition of Tovarna Akumulatorskih Baterij d.d. ("TAB") in Slovenia.
Capital allocation will remain a key focus in the next six months.

Prospects
The prospect statement as contained in the Integrated Annual Report of Metair for 2017 indicated that the group had a positive outlook of Metair's performance for the year ahead.
The good improvement in the first half actual results is supportive of this statement for the 2018 full year in a stable trading exchange rate environment. Unfortunately, the current Lira volatility could impact the group's prospect statement.
However, we are pleased to announce that the Energy Storage Vertical secured automotive supply contracts with two strategic aftermarket customers. The annualised potential volumes of an additional 1.5 million units from these supply contracts is in line with the group's long term strategy to increase its export business.
Results will depend on *inter alia*, model change effect, exchange rates, long term volumes, commodity price movements, seasonal winter demand, geopolitical conditions and margin progress in both the Automotive Components and Energy Storage Verticals during the second half of the year.
Any forward-looking statements in this announcement have not been reviewed or reported on by the company's auditors.