



**CASTINGS P.L.C.**

**Final results  
2024**



# Very strong truck demand, near record operating profit

- Operating profit up 21% to £19.8m
- Ordinary dividend up 5.6%
- Special dividend of 7p/share
- Machining operating profit of £3.7m
- New foundry capacity provides great opportunity in other sectors
- First set of solar panels installed
- Forward schedules reflecting normalised truck demand



# Highlights of a busy year

- Sales volumes up 1.5% in H1
- Backlog demand normalises; down 5% for full year
- Price increases to fully recover labour and general cost inflation
- Energy surcharges (at nil margin) for full year (only H2 in FY23)
- Operating margin up to 8.8% (FY23 – 8.1%)
- Margin excluding electricity at 10.0% (FY23 – 9.4%)
- Machine shop profitability highest since 2016
- Strong demand in US
- Opportunity for growth in US, wind energy and agriculture



# The year in a bit more detail

## Strong demand, investing for efficiency and cost increases embedded in prices

### Customers

Pent-up truck demand  
Normalisation in Q4  
Replacement parts now established in machine shop  
US tier 2 growth focus  
Other sector opportunities

### Production

Investment

- Replacement, efficiency
- Robotic investment
- AI quality inspection
- AI metal melting
- Foundry capacity

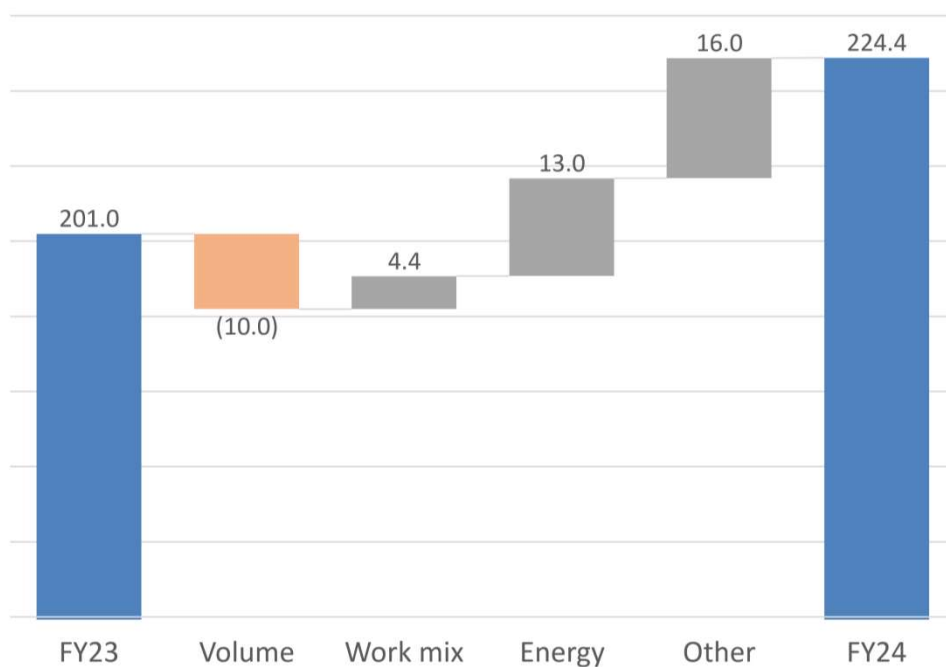
Some foundry outsourcing

### Pricing and costs

Input prices stable  
Electricity pass-through  
Labour costs  
Surcharge mechanisms  
Prices increased Apr-24

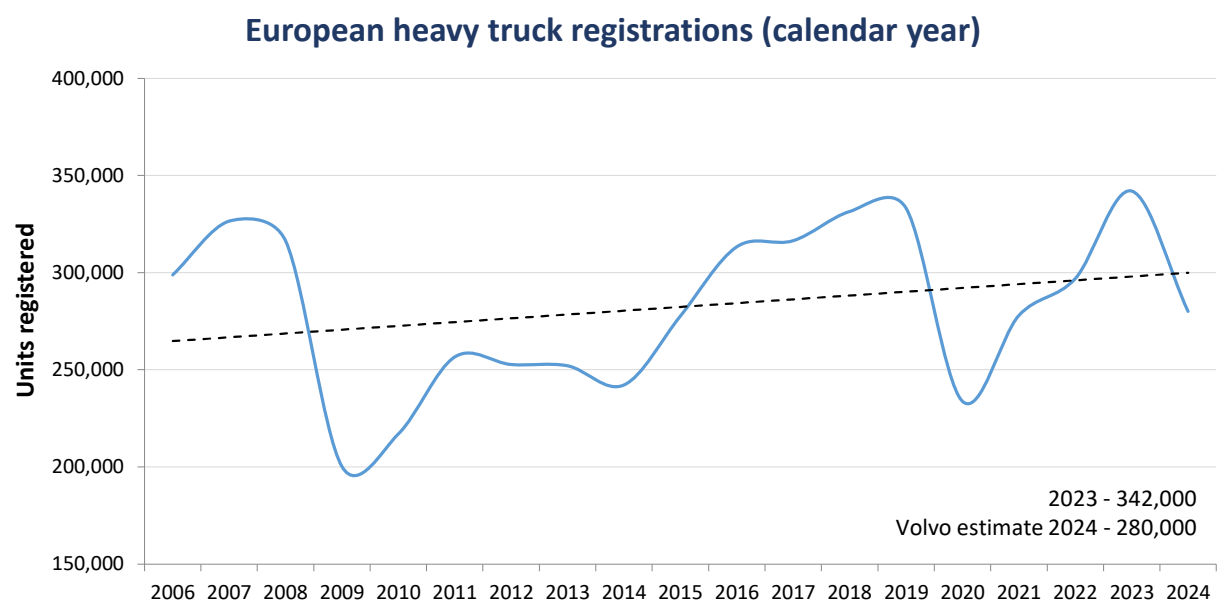


## Revenue growth of 12% despite volume fall



- Reduction in volume of 5% – mostly in Q4
- Continued increase in mix of machined parts (63.3% v 59.2%)
- Energy surcharge for 12 months (FY23 H2 only)
- Other surcharges and price increases

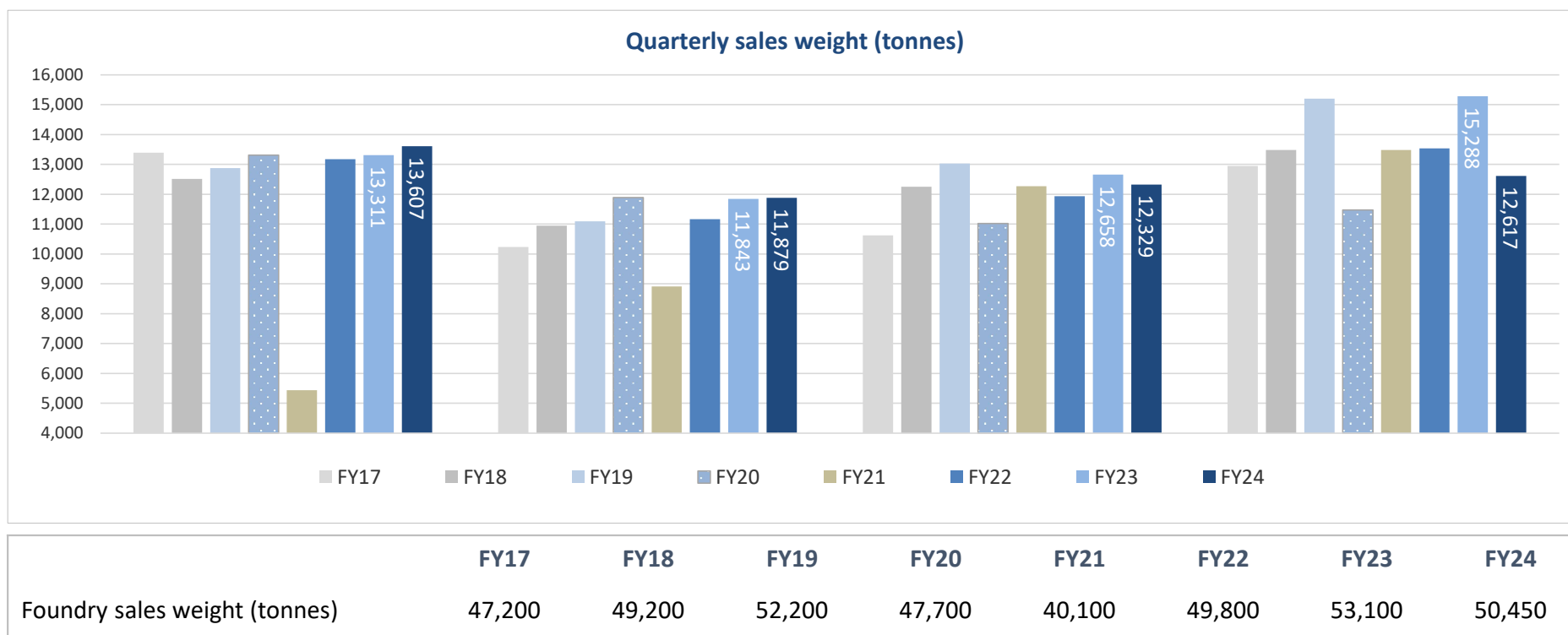
# European heavy truck registrations hit a high



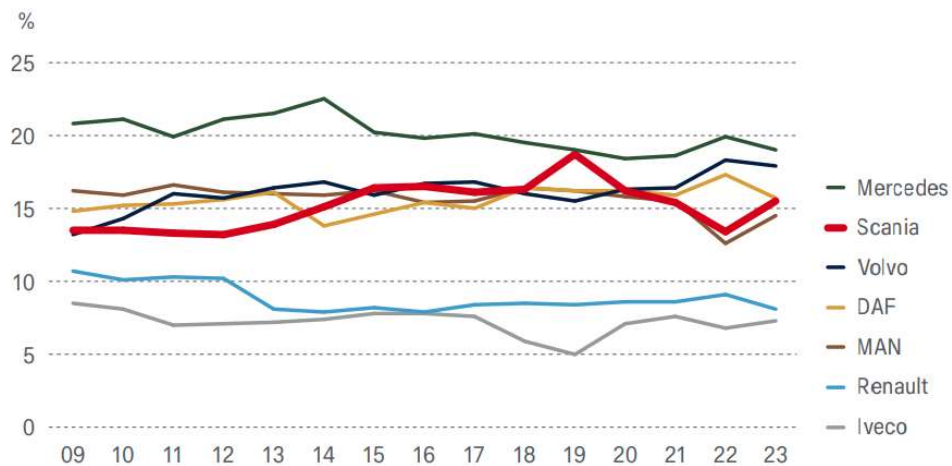
Source: Scania website ([www.scania.com](http://www.scania.com)), ACEA & Volvo First Quarter 2024 Results

- 80% of revenue (FY23 - 77%)
- 2023 peak of 342k trucks
- COVID / supply issue backlog
- Normalisation of demand
- 2024: 280k estimate (Volvo)

## Quarterly sales tonnes; strong Q1 – Q3, drop in Q4



# Supplying largest six European OEMs



Source: Scania Annual and Sustainability Report 2023

Based on market of 342,000 trucks in 2023 in EU27 (all EU countries except Malta, plus Norway, Great Britain and Iceland)

- Supply top 6 in the European market
- Cross-over into US and South America
- Typical product lifecycle of 7 – 10 years
- Often single source supply
- Opportunity - capacity coming out of European foundry sector?



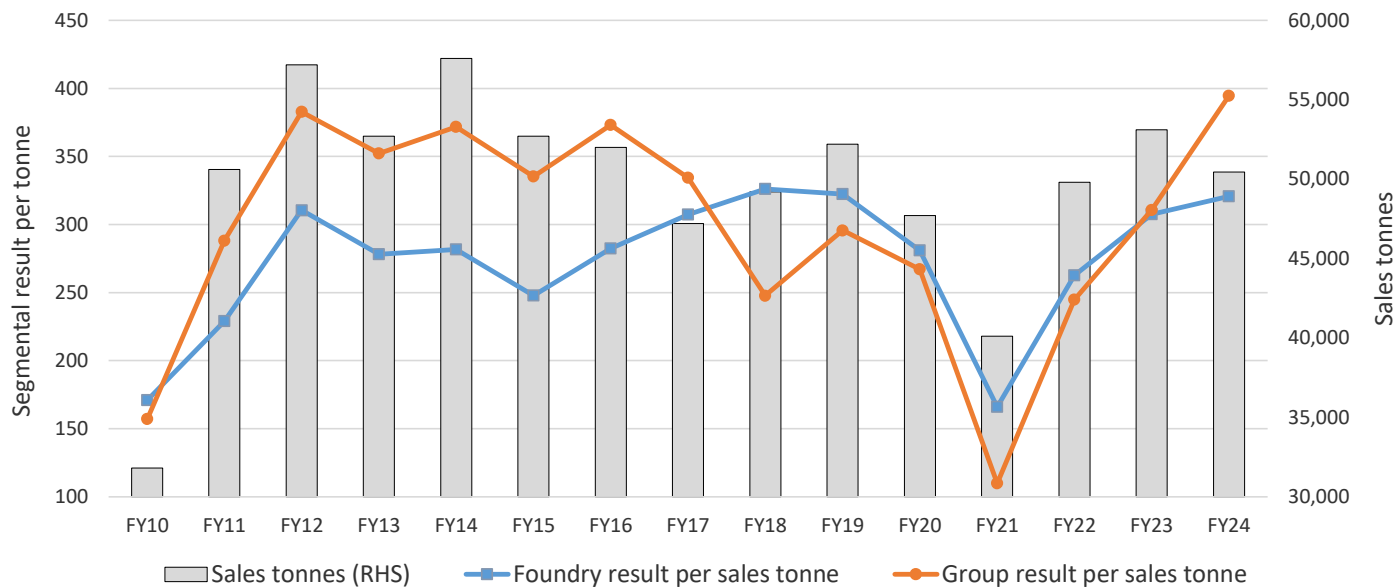
## A strong performance in the year

<b>£m (unless stated)</b>	<b>FY23</b>	<b>FY24</b>
Revenue	201.0	224.4
Operating profit	16.4	19.8
Operating margin	8.1%	8.8%
EPS	31.66p	38.45p
Return on capital employed	17.0%	19.5%
Ordinary dividend declared	17.35p	18.32p
Supplementary dividend	15.00p	7.00p
Free cash flow	13.5	11.2
Net cash position	35.6	32.5

<sup>1</sup> Operating profit divided by net assets less cash

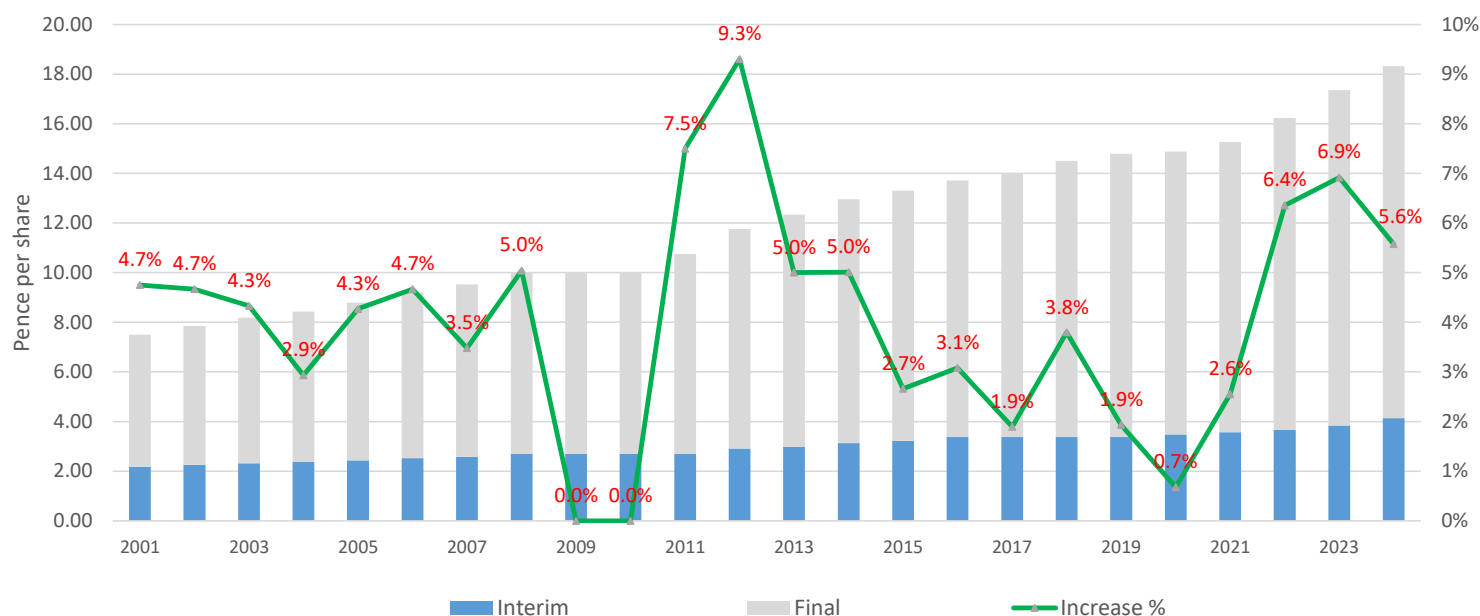
- Operating profit up 20.7%
- Enhanced operating margin
- EPS up 21.4%
- ROCE highest since 2016
- Progressive dividend policy
  - Growth in ordinary
  - Supplementary and investment
- Cash down 8.7%

# Increasing profit per tonne sold



- Segmental profit close to £400/t
- 3<sup>rd</sup> consecutive year of increase
- Highest in last 15 years
- Greater machining impact

# Progressive ordinary dividend policy continues



## Supplementary dividends:

- 2016 – 30p
- 2019 – 15p
- 2022 – 15p
- 2023 – 15p
- 2024 – 7p

## A solid result for the foundries

£m (unless stated)	FY23	FY24
Gross revenue	223.7	251.0
Less: inter-group revenue	(24.7)	(28.5)
External revenue	199.0	222.5
Foundry sales weight (tonnes)	53,100	50,450
Average selling price (£/tonne)	£3,747	£4,411
Segmental result	16.3	16.2
Margin on external sales	7.3%	6.5%
Margin adjusted for electricity	8.9%	8.3%

- External revenue up 11.8%
- Volume down 5%
- Selling price impacted by:
  - Increasing mix of machined parts
  - Electricity surcharges
  - Other cost surcharges
- Consistent segmental result
- Margin down slightly on FY23

## Machining results keep improving

<b>£m (unless stated)</b>	<b>FY23</b>	<b>FY24</b>
Gross revenue	27.7	37.6
Less: inter-group revenue	(25.6)	(35.7)
External revenue	2.0	1.9
Segmental result	0.2	3.7
Segmental margin on gross sales	0.6%	9.9%
EBITDA	3.6	7.5
Cash generation	1.3	2.3
Capex	1.1	5.3

- Gross revenue up 36%
- External revenue flat – group focussed
- Segmental result up £3.5m
  - Q1 – Q3 high volumes
  - Group stock build
  - Ramp up of newer parts
- Cash generative
- Investment in replacement plant and sustainability initiatives

## Summary cash flow statement

£m	FY23	FY24
PBT net of tax payments	13.8	18.9
Depreciation	8.6	8.9
Working capital movement	(2.7)	(7.2)
Capex (net)	(6.2)	(9.4)
Free cash flow	13.5	11.2
Net pension scheme payments	-	-
Dividend – ordinary	(7.2)	(7.7)
Dividend – supplementary	(6.5)	(6.5)
Net cash (outflow)/inflow	(0.2)	(3.0)

- Enhanced profit levels
- Replenished stock levels
- Increased investment and more to come with new foundry
- Progressive ordinary dividend
- 30p/share supplementary paid
- Cash down by £3m to £32.5m



# Capacity investment on track and on budget

- 12,000 tonnes foundry capacity
- 10,500 sales capacity (estimated)
- £17m investment
- June 2025
- First new foundry line since 2008



**sinto**  
HEINRICH WAGNER SINTO  
Maschinenfabrik GmbH

- Provides capacity to quote for more diversified work
- Increases our size offering
- Maximum efficiency
- Aim to run the plant (excluding furnaces) with locally generated power

# Strong sustainability credentials

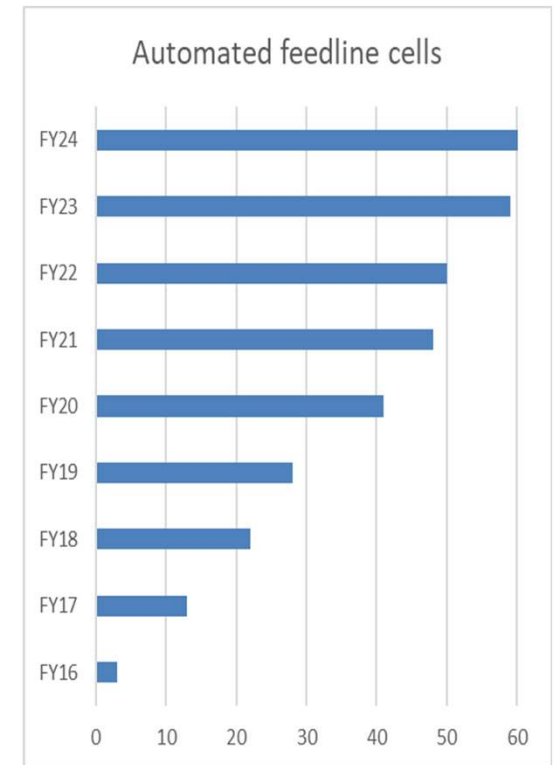
- 'Green Iron' producer already, unlike some of Europe
- Near zero scope 1 and 2 emissions on location-based measure, working on 3
- Process recycler
- Head of sustainability appointed
- First sustainability report imminent
- First solar panel project operational
- Energy efficient plant e.g. cooling plants



# Automation investment



- £13m investment in automation
- First investment in 2016
- Over 60 robotic handling and processing cells
- Production efficiency
- Typical payback in 2 – 3 years
- Exploring use of AI
  - Metal treatment
  - Inspection



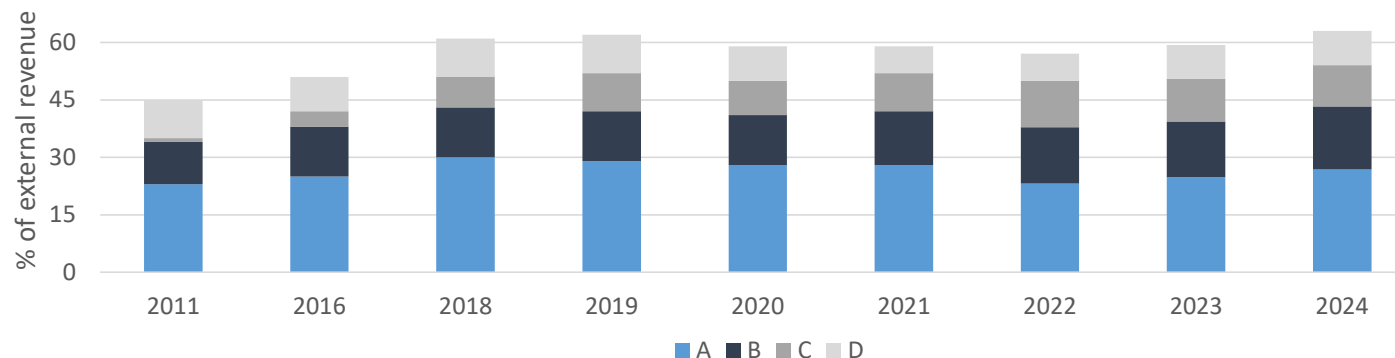
## Top 4 commercial vehicle customer revenue mix

	FY11	FY16	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Customer									
A	23%	25%	30%	29%	28%	28%	23%	25%	27%
B	11%	13%	13%	13%	13%	14%	15%	15%	17%
C	1%	4%	8%	10%	9%	10%	12%	11%	11%
D	10%	9%	10%	10%	9%	7%	7%	9%	9%
Total	45%	51%	61%	62%	59%	59%	57%	60%	64%

Commercial vehicle  
80% (FY23 - 77%)

Automotive  
6% (FY23 – 9%)

Other 14%  
(FY23 – 14%)



# What the future might look like

- Steady truck volumes
  - Demand normalised in short-term
  - Potential schedule increases in autumn
  - Scania CBE engine to MAN from 2025
  - Light duty truck electrification
- Other sector opportunities
  - New foundry capacity provides platform
  - US market
  - Agriculture
  - Wind energy
- Price and efficiency
  - Prices appropriate following inflationary rises
  - Energy prices reducing
  - Investment for efficiency
- Capital investment
  - Foundry capacity
  - Machine replacement programme
  - Automation / multi-manning
  - Energy efficient / recycling solutions
- Alternative materials / more value add
  - Innovative sealed manifold solution in production and further opportunity
  - Other sub-contract processes
  - Reduce the carbon miles in supply chain
- Heavy truck electrification
  - Light-weight trucks first (not our market)
  - Heavy trucks last on the list
  - BEV or FCEV or Biofuels or...
  - Infrastructure hurdle

# Well positioned for growth

## Strong balance sheet providing the platform for growth

### Balance sheet platform

Cash levels

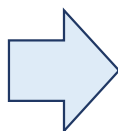
No debt

Pension buy-in to buy-out

Agile and flexible for opportunity

Progressive dividend policy

Investment



### Opportunities

Invest to drive production efficiencies

New foundry opens doors to new business

New foundry provides scope for NPI with existing customers

Develop US market opportunities

Value-add in house

Acquisitions





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# Appendix



# Timeline

1835	Foundry production commences in Walsall
1907	Castings Limited incorporated
1957	Move to current Brownhills location
1960	Floated on Birmingham stock market
1991	Foundry capacity increased through acquisition of William Lee Limited
1996	Machining started in group through acquisition of CNC Speedwell Limited
2009	Major new production facility completed
2016	Robotic automation investment begins
2023	Announce new foundry facility investment
Today	Highly invested iron foundry and machining group

# The Castings group



## Wm Lee

## CNC Speedwell Ltd



Foundry | Brownhills  
Founded 1835  
30,000 tonnes capacity\*  
381 employees



Foundry | Dronfield  
Acquired 1991  
40,000# tonnes capacity\*  
412 employees



Machinist | Brownhills  
Acquired 1996  
Over 100 CNC machines  
358 employees

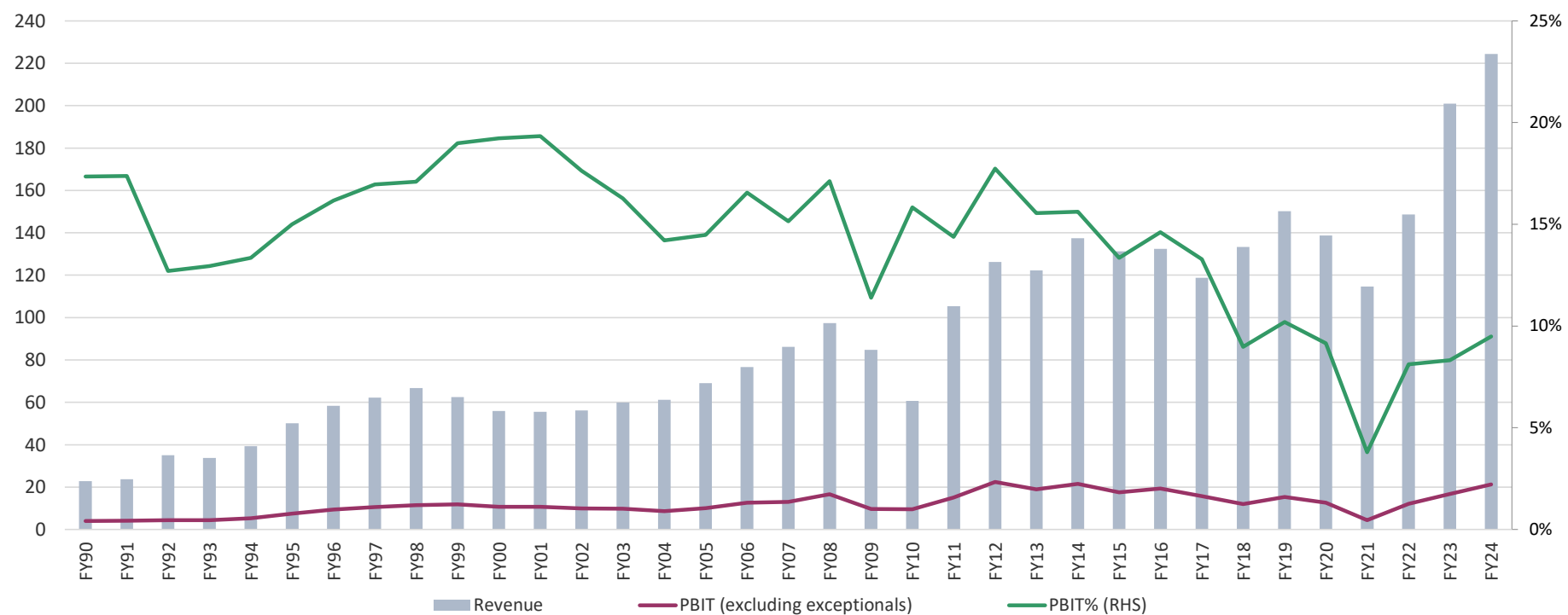
\* production capacity which, after machining, converts to a sales capacity of c. 90%

# increasing to 52,000 with new Savelli line in June 2025

# Established, long-standing customer base

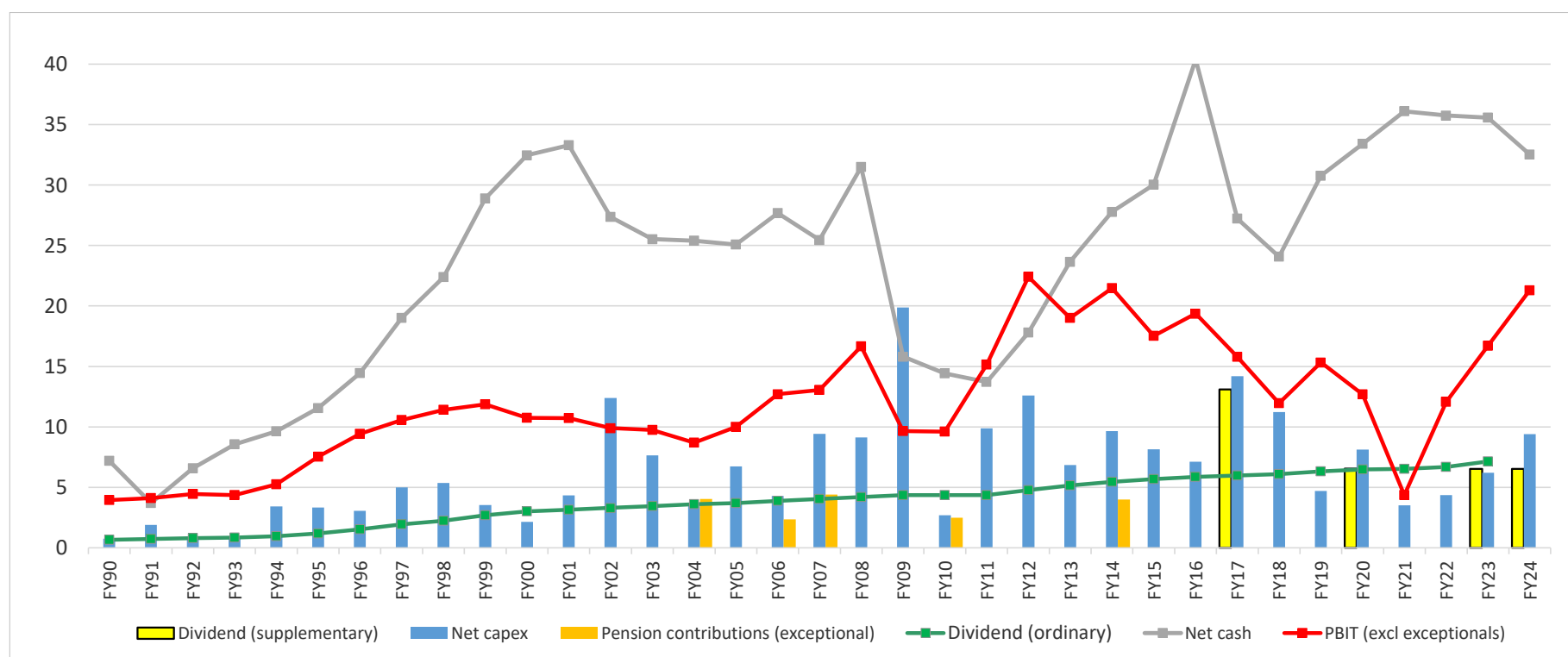


# Revenue and PBIT





# Track record of strong cash generation





# Strategy

**Deliver long term sustainable revenues and higher average margins through the following strategic priorities:**

## **Reinvestment for innovation and efficiency**

- Innovative design processes
- Reinvestment in automation
- Balanced with return to shareholders

## **Increase OEM market share**

- Collaborative, dedicated customer teams
- Increase share within customer base
- React to opportunities

## **Strength of balance sheet**

- Financial stability
- Agile to react to opportunities
- Supports strategic objectives

## **Investment in our people**

- Over 1,200 employees in the UK
- Targeted and balanced training
- Strong apprenticeship programme

# Business Model

## Design collaboration & our people

- Experienced teams
- Technical knowledge
- Close customer relationships
- Latest design simulation

## Foundry production

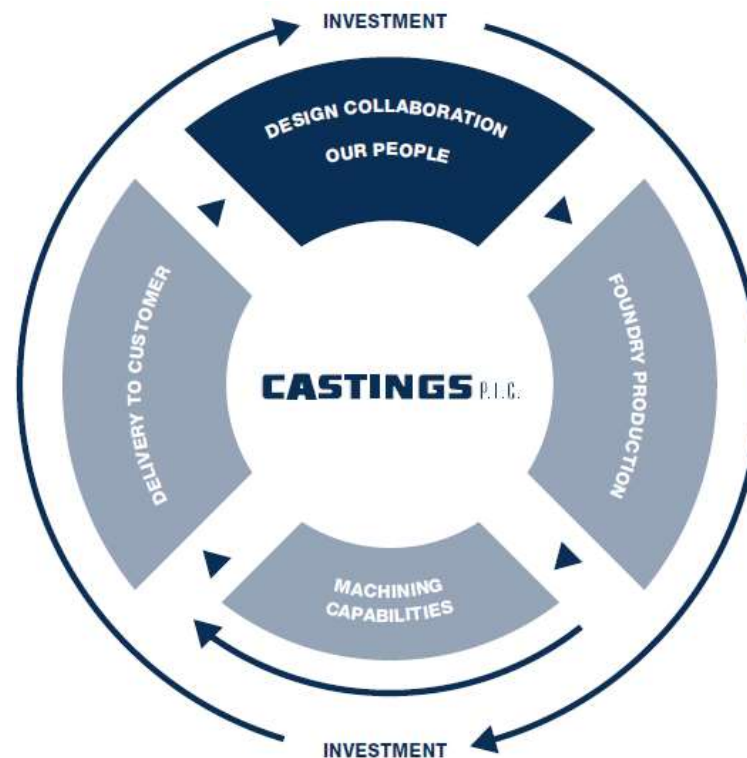
- High volume plant in low batch environment
- Flexibility
- Automation productivity

## Machining capabilities

- Well invested
- Automation roll-out
- Vertical integration – assembly

## Delivery to customer

- Investment in logistics
- Experienced teams



## Value for stakeholders

### Customers

- Flexibility, cost-effective, quality
- Capability for diverse range
- Long term security

### Employees

- Investment in training
- Challenged and ambitious

### Shareholders

- Competitive position
- Growth opportunities
- Strong cash generation
- Progressive dividend policy

### Communities and environment

- Recycler of steel scrap metal produced in UK
- Contribution to communities

# Production facilities

- Sites:
  - Castings (Brownhills) – 14 acres
  - William Lee (Dronfield) – 14 acres
  - CNC Speedwell – 4 acres
- Production facilities:
  - Castings (Brownhills) – 32,000 m<sup>2</sup> (of which 5,000 m<sup>2</sup> is warehousing)
    - 2 x Disamatic vertical moulding lines (up to 15kg part weight)
    - 1 x GF/Disa horizontal moulding line (up to 25kg part weight)
  - William Lee (Dronfield) – 26,500 m<sup>2</sup> (of which 2,000 m<sup>2</sup> is warehousing)
    - 1 x Disamatic vertical moulding line (up to 15kg part weight)
    - 1 x GF/Disa horizontal moulding line (up to 25kg part weight)
    - 1 x HWS horizontal moulding line (up to 45kg part weight)
    - 1 x Savelli horizontal moulding line (up to 60kg part weight) – from June 2025
  - CNC Speedwell – 15,500 m<sup>2</sup> (of which 5,000 m<sup>2</sup> is on Castings site)
    - 127 CNC machines

# Recent investments

- Robotic handling and processing (started 2016)
- Warehouse management system (started 2017)
  - Bespoke FIFO system in Brownhills
  - £1m+ investment
- Heat treatment plant for alloyed parts (commissioned 2020)
  - £0.6m investment
- Disa moulding line upgrade (completed December 2021)
  - £2m investment in productivity improvement and increased output
  - Lower maintenance cost
- HWS automated pouring (completed August 2022)
  - £1.4m investment
  - H&S improvement
  - Productivity improvement, enhanced quality and increased output
- Savelli foundry line (due for completion in June 2025)
  - £17m investment