



TRADING UPDATE AND MANAGEMENT ANNOUNCEMENT

17 May 2016

Haynes Publishing Group P.L.C. announces today that due to weak fourth quarter trading in its US & Australian markets, it has become clear that pre-tax profits before exceptional costs for the 12 months to 31 May 2016 will fall below the current market forecast of £2.6m by up to 30%.

In the UK & Europe, management are able to report a more positive position, with the Group's consumer and professional businesses both performing in line or ahead of expectations.

Operational and Cost Review

The Board have now fully evaluated the proposals of the recent Operational and Cost Review and agree with the Review's recommendations. With falling print manual volumes it is no longer commercially viable for the Group to maintain its own printing and distribution facility in the US. Accordingly, meetings have recently been held with employees from its Nashville print and distribution facility to inform them that their roles will become redundant when the facility closes.

The Board has also taken the decision to close its Swedish business and service its Scandinavian customer base from the UK.

In total, the Board is expecting Group headcount to reduce by 41 across its US, Australian and European operations as a result of the restructuring (17% of total Group employees).

The Board is confident that the implementation of the Review's recommendations will place the Company in a much stronger position and allow it to grow the business going forward.

Exceptional costs

The Board expects to incur one-off costs in relation to unsaleable inventory reserves in the US and the implementation of the restructuring programme (primarily employment severance costs and asset write-downs) of close to £4.0m, with approximately two-thirds of these costs having a direct cash impact on the business. It is the Board's intention to use the substantial savings which will accrue to the business to accelerate the development and marketing of its consumer and professional digital platforms. The benefits accruing from outsourcing the group manufacturing will not be realised until current inventory levels flow through, which is not expected to occur until early 2018.

Management Changes

In addition to the above announcement, the Group confirms that following the retirement of Eric Oakley (CEO) and Dan Benhardus (Group FD) at the end of May 2016, the new Board of Directors will be:

Executive Directors

Chairman: Eddie Bell

Chief Executive Officer: J Haynes

Chief Financial Officer: James Bunkum

Chief Technology Officer: Alex Kwarts

Managing Director Consumer Publishing: Jeremy Yates-Round

Founder Director: JH Haynes OBE

Non- Executive Directors

MEF Haynes

The Group is currently in the process of recruiting two independent non-executive directors.

Further details on the above announcement will be made when the Group announces its full year results on 22nd September 2016.

Eddie Bell, Group Chairman, said: “The Operational & Cost Review has identified measures which will materially streamline the cost base of the business and ensure that future investment can be channelled to the areas of the Group with the greatest revenue and profit growth potential.

“Whilst today’s trading update is disappointing we are confident that the operational changes announced will deliver improved efficiency and sustained profitability in the coming years.”

Enquiries :

Haynes Publishing Group P.L.C.

+44 1963 442009

Eddie Bell, Chairman

J Haynes, CEO designate

Investor Contact: Panmure Gordon (UK) Limited

+44 20 7886 2500

Karri Vuori

Media Contact: New Century Media

+44 20 7930 8033

David Leslie