

23 October 2017

Solid State plc
("Solid State", the "Group" or the "Company")

Trading Update & Notice of Results

Solid State plc (AIM: SOLI), the AIM listed supplier of specialist industrial/ruggedised computers, electronic components, advanced antenna products, communications systems and battery power solutions to the electronics market, announces a trading update for the six months ended 30 September 2017.

Group revenue for the period has increased by circa 12% to £22.5m (2016: £20.09m), reflecting strong organic growth in the distribution division of close to 20% and a 7% increase in the manufacturing division reported revenues.

At an individual business unit level, product line margins within both divisions have been maintained. However, as we have experienced in previous years, changes in product mix affect overall Group gross margin. In this period, the combination of the increased proportion of distribution sales and change in mix of sales within the manufacturing business has resulted in a Group gross margin of approximately 28% (2016: 31%).

The investment in and restructuring of the communications business unit and Leominster operations, as outlined in the Final Results announcement, is now complete and has positioned the business for future growth. Despite an improvement in revenues relative to the comparative period, the lead time to win and deliver some of the complex antenna programmes has taken longer than expected, resulting in a performance below management's expectations. The prospect pipeline remains strong, positioning the business unit for a stronger 2018/19.

Planned investment to drive long term organic growth and margin enhancement across the Group increased overheads from the start of this fiscal year. The benefits of these initiatives are starting to be realised as evidenced by the organic growth rates achieved in the distribution division through additional sales resources. Good progress is being made in implementing the Group's margin enhancement strategy through additional added value services and operational efficiencies; the benefits of this activity should be seen in the next financial year.

As a result of the product mix in the period and increases to overheads through the investment in growth and margin initiatives, the Board expects profit before tax to be slightly lower than current market expectations for the full year.

Looking forward, the Board remains confident that the prospects for the Group remain strong. The Group has delivered significant organic growth in the first half, maintained product line margins, and can report an open order book at 30 September 2017 of £18.0m (2016: £14.8m).

Notice of Results:

Interim results for the six months ended 30 September 2017 are expected to be released on 21 November 2017.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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Notes to Editors:

Solid State plc (SOLI) is a leading value added group of companies providing specialist design-in and manufacturing services to those acquiring industrial/rugged computing products, battery power solutions, communications systems, advanced antenna products and electronic components for use in harsh environments.

Serving niche markets in oil & gas production, medical, construction, security, military and field maintenance, Solid State acts as both a distributor to OEMs and bespoke manufacturer of specialist units to clients with complex requirements.

Headquartered in Redditch, Solid State employs over 200 staff across five sites. Solid State operates through two main divisions: Solid State Supplies and Steatite.

Solid State was established in 1971 and admitted to AIM in June 1996.