

FOR IMMEDIATE RELEASE

27 July 2018

PENNANT INTERNATIONAL GROUP PLC

Pre-Close Trading Update

Notice of 2018 Interim Results

This announcement contains information which, prior to its disclosure by this announcement, was inside information for the purposes of the Market Abuse Regulation

Pennant International Group plc (“**Pennant**” or the “**Group**”), the AIM quoted supplier of integrated training and support solutions, products and services which train and assist engineers in the defence and regulated civilian sectors, is pleased to announce the following trading update ahead of the publication of its Interim Results for the six months ended 30 June 2018 (the “**Half Year**”, the “**Period**”) which are scheduled to be released on 24 September 2018.

Revenue for the Period amounted to £13.2 million with earnings before interest, taxation and amortisation for the Period of £2.1 million. Net cash at the end of the Half Year totalled £3 million and the Group has no borrowings. Pennant remains ‘on track’ to deliver results in line with market expectations for the year as a whole.

The Half Year saw Pennant make significant progress on its key contract with a major UK prime contractor for electro-mechanical trainers and computer-based training for the Ajax vehicle (the “**Ajax Contract**”). Following a rescoping of the Ajax Contract, concluded in March this year, its value increased to just under £12 million, with approximately £8 million of revenue to be recognised across 2018, 2019 and 2020. Delivery of all remaining training aids on its Middle East contracts signed in 2016 was also completed, with final payment received in July.

In addition to continued investment in product development and facilities, the Period also saw Pennant win new orders and contract extensions worth in excess of £5 million, including:

- the £3.5 million increase to the Ajax Contract highlighted above (previously announced on 20 March 2018 and included within the 2017 year-end order book);
- an order from the UK MOD for an upgrade to its virtual parachute training systems (worth circa £370,000);
- an order from a new customer in the rail industry for the re-configuration and re-deployment of a rail cab simulator (worth circa £125,000);
- a new contract in the Middle East for technical and support services in region;
- additional orders from Network Rail for control room simulators worth circa £50,000;
- an extension to 31 March 2019 on its existing Omega PS contract with the Australian Defence Organisation;
- an extension to the end of 2018 on its existing Omega PS contract with the Canadian Department of National Defence (worth circa \$1.5 million);
- Omega PS consultancy work for a new customer in Italy.

These contract awards are supportive of existing market expectations and the Group also expects to receive clarity during the current quarter on the potential contract worth over £10 million referred to in the Group’s announcement on 20 March 2018.

With a contracted three-year order book of £30 million as at the end of the Half Year (against a 2017 year-end order book of £41 million on a like-for-like basis) together with a strong pipeline of active opportunities, the Board remains confident about the Group’s prospects for the future.

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