

RNS Number: 2305T  
Xaar PLC  
02 October 2014



## **Xaar plc Interim Management Statement**

Xaar plc ("Xaar", "the Group" or "the Company"), the digital inkjet printing technology Group headquartered in Cambridge, UK, is providing an Interim Management Statement covering trading from 1 July 2014.

As stated in the Interim Results announcement on 28 August 2014, demand for Xaar's products from the ceramic tile market softened during the third quarter of the year as a result of a slowdown in construction activity in China. The Company's exposure to China is significant, as almost half of the world's ceramic tile output is reported as manufactured and consumed in China. Revenue into the global ceramic tile market represented around two thirds of the Group's sales in 2013.

Monitoring of the ceramic tile market in China has indicated a further decline in activity resulting in excess manufacturing capacity being idled. As a consequence, forecast orders from Xaar's OEMs in this market for the remainder of the year have further reduced, such that the Board now expects total revenue for 2014 to be 5%-10% below the bottom of the previously announced range of £115-125 million.

Although visibility into 2015 remains low, based on all of the information currently available to the Group concerning the ceramic tile market in China, the Group is now planning to take action to reduce costs in anticipation of total Group revenue for 2015 being below £100 million.

Action will be taken immediately to reduce costs in line with the reduced expectation for sales in 2015. This is expected to result in a 15% reduction in operating expenditures, and potentially a total reduction in headcount (subject to consultation) of approximately 20% of the current global workforce of around 800 employees.

The cost reductions aim to achieve a reasonable level of financial operating performance in 2015, whilst ensuring that Xaar can fulfil its key strategic objectives.

Ian Dinwoodie, Chief Executive, commented, "We are highly disappointed to have to make this level of cost reduction given the progress achieved over the last four years. Our exposure to the ceramic tile market in China, which delivered such strong growth over the last few years, is now driving a reduction in our sales. This change re-emphasises the need for Xaar's revenues over time to become more broadly spread across multiple markets and applications. Our competitive position remains strong through our established market leading products, recently announced offerings, and planned future launches. Development efforts on both our Bulk technology and our Thin Film technology provide an excellent basis for our future success as the digitalisation of industrial and commercial printing continues".

A conference call for analysts will take place at 8.00am this morning. The conference call can be accessed by dialling +44 (0)203 139 4830 and using pin code 80375705#.

### **Contacts**

#### **Xaar plc**

Ian Dinwoodie, Chief Executive Officer      01223-423663  
Alex Bevis, Finance Director                [www.xaar.com](http://www.xaar.com)

#### **Tulchan Communications**

Tom Buchanan                                      020-7353-4200  
Christian Cowley  
Victoria Huxster