

MINCON GROUP PLC INTERIM TRADING UPDATE

Mincon Group plc (*ESM:MIO AIM:MCON*), the Irish engineering group specialising in the design, manufacture, sale and servicing of rock drilling tools and associated products, today provides an interim trading update for the period from 1 July 2014 to date, incorporating the third quarter to 30 September 2014.

Summary:

- The integration of the newly acquired businesses, Rotacan in Canada (product design and manufacturing of rotary bits and other rotary consumables servicing customers in Canada, Chile and the US), ABC Products on the east coast of Australia (distribution) and Omina Supplies in Namibia (distribution) has proceeded according to plan and these acquisitions are expected to start contributing positively to the Group's net profit from Q1 2015.
- Revenue from Mincon's core manufactured products (conventional-; reverse circulation-; and directional-down the hole hammers/bits) declined in Q3 from the Group's Q2 performance (9% sequential decline) due to the overall market decline in the mining and exploration sectors. The progress of newly established trading entities in Peru and Ghana also continues to be slower than expectation.
- Sales of third party product for Q3 2014 were behind Q2 2014, due to the lack of sale of high value rigs in Southern Africa, as localisation of the rigs continues. The sale of rigs remains a key part of our strategy for the region and we now have adequate inventory in the region.
- The gross margin and net margin year to date for 2014 have remained steady at 47% and 19% respectively, excluding the impact of acquisitions.
- First interim dividend of 1c per share paid in September 2014, total payment of €2.1 million.
- The Group continues to have a strong balance sheet at 30 September 2014, with net cash of €41.2 million.
- The Group is engaged in valuation discussions with a number of potential acquisition targets. The Group's acquisition strategy is focused on disciplined investment of resources with a view to further extending the existing product range and adding new customers and new geographic markets.

Kevin Barry, Chief Executive Officer, commenting on the results, said:

"Market conditions for the mining sector of our business (approximately 50% of overall sales) remain challenging, especially in the exploration sector given the decline in metal commodity prices throughout the course of 2014. This cyclical weakness, combined with the significant devaluation of certain key currencies in which we trade, has impacted upon the Group's year to date result for 2014. The Group remains committed to its stated strategy of becoming the third major player in the rock drilling consumables industry."

Forward looking statements

Any forward looking statements made in this document represent the Board's best judgment as to what may occur in the future. However, the Group's actual results for the current and future financial periods and corporate developments will depend on a number of economic, competitive and other factors, some of which will be outside the control of the Group. Such factors could cause the Group's actual results for future periods to differ materially from those expressed in any forward looking statements included in this announcement.

ENDS

7 November 2014

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