

Specialist Energy Group plc
(“Specialist Energy Group”, the “Group” or the “Company”)

Trading Update

Specialist Energy Group Plc (AIM: SEGR.L), the niche engineering and manufacturing group, is today pleased to provide a trading update for its main operating subsidiary, Hayward Tyler Group Ltd (“Hayward Tyler”), a market leader in the design, manufacture and service of critical application pumps and motors to the power generation and oil and gas markets for the period from 30 June 2009.

As indicated in the recent admission document, Southbank reported an operating profit of £1.3 million in the first half of 2009, driven by significant growth in Hayward Tyler’s Services division in the US and UK, and Specialist Energy Group is pleased to report that Hayward Tyler as a whole has continued to operate profitably in the second half of 2009. For the period since June, the order book for the UK services business has remained buoyant, however, in the US, the pace of development fell back slightly in the second half of 2009 before experiencing an uplift in the late part of the year and first part of 2010 with a number of major contract wins in the nuclear sector. Overall, Hayward Tyler’s Services division continued to operate profitably in the second half of the year.

Within Hayward Tyler’s Manufacturing division, in line with the activity reported for the first half of the year, the company has continued shipping out a number of legacy lower margin projects. All but one of the loss-making contracts that were the result of Hayward Tyler’s former management team have now been delivered. This, combined with the new management’s focus on winning new business at higher profit margin levels and coupled with the efficiency improvements that have been achieved within the manufacturing operations, means the Board now has greater visibility over the order book for 2010 and likewise greater confidence that gross profit margins can continue to be improved.

The business mix between Services and Manufacturing continued to change significantly over the second half of 2009 and the effect of the move towards the higher margin Services division is evident in the order book, which stood at around £30 million at the end of 2009.

From a working capital perspective, the constraints that were felt in the first half of the year have been relieved by the Nviro reverse and associated £4 million fund raising. The improved balance sheet is now allowing the business to push more confidently into new renewable and clean energy markets as well as undertake major projects in its core oil and gas and energy related markets. For example, on the renewables side, the business has shipped several canned motor pumps to a Dutch waste to heat power plant which generates sustainable energy from waste material and won a contract to supply a new solar energy power plant in Italy. Meanwhile, on the subsea oil and gas side, work has continued on the General Electric deep subsea motor unit with a number of related patent applications filed.

The focus on continuing to develop overseas markets, in particular China and India, for Hayward Tyler has likewise resulted in Specialist Energy Group plc recently winning the UK Trade & Investment “London Exporter of the Year Award for Advanced Engineering & Manufacturing”.

Ewan Lloyd-Baker, CEO of Specialist Energy Group, commented:

“We are delighted with the continued improvement in the operating performance of Hayward Tyler under its new management team. We are confident this will result in improved year on year revenues and gross profit margins. However, whilst the reverse into Nviro has significantly strengthened the Group’s balance sheet, we have to remain mindful of the various one-off costs that will have been accrued in the year due to financing related activities. Likewise, whilst we can now be cautiously optimistic about the recovery of the global economy, we continue having to push aggressively in our chosen markets as the rapidity and potential scale of global upturn can still not be accurately forecast.”

For further information:

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